Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

In the Matter of	
Stale or Moot Docketed Proceedings	
1993 Annual Access Tariff Filings Phase I	CC Docket No. 93-193
1994 Annual Access Tariff Filings	CC Docket No. 94-65
AT&T Communications Tariff F.C.C. Nos. 1 and 2, Transmittal Nos. 5460, 5461, 5462, and 5464 Phase II	CC Docket No. 93-193
Bell Atlantic Telephone Companies Tariff FCC No. 1, Transmittal No. 690	CC Docket No. 94-157
NYNEX Telephone Companies Tariff FCC No. 1, Transmittal No. 328	

Direct Case of Verizon
April 11, 2003

EXHIBIT A

Bell Atlantic Direct Case
filed August 14, 1995

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Washington, D.C. 20554

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Bell Atlantic Telephone Companies	)	CC Docket No. 94-157
Tariff F.C.C. No. 1, Transmittal No. 690	)	
	)	
NYNEX Telephone Companies	)	DA 95-1485
Tariff F.C.C. No. 1, Transmittal No. 328	)	

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BELL ATLANTIC DIRECT CASE

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August 14, 1995

Before the
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NYNEX Telephone Companies Tariff F.C.C. No. 1, Transmittal No. 328	DA 95-1485

SUMMARY OF BELL ATLANTIC DIRECT CASE

The sole issue before the Commission on remand from the court of appeals is whether Bell Atlantic[1] and other companies subject to price cap rules properly avoided double counting costs associated with the adoption of Statement of Financial Accounting Standards 106 ("SFAS 106") that are also included in the GNP-PI index used in the price cap formula. In Bell Atlantic's case, the answer is straightforward -- Bell Atlantic's calculations were appropriate and correct. All required offsets were incorporated -- including a conservative calculation of potential GNP-PI double counting. To the extent issues designated by the Commission go beyond this limited question, they have no bearing

[1] The Bell Atlantic telephone companies ("Bell Atlantic") are Bell Atlantic-Delaware, Inc.; Bell Atlantic-Maryland, Inc.; Bell Atlantic-New Jersey, Inc.; Bell Atlantic-Pennsylvania, Inc.; Bell Atlantic-Virginia, Inc.; Bell Atlantic-Washington, D.C., Inc.; and Bell Atlantic-West Virginia, Inc.

on the decision here. Consequently the Commission should close its investigation of Bell Atlantic's tariffs.

1. The Issue Before the Commission is Narrowly Limited.

The Commission's order designating issues concerning exogenous treatment for costs associated with the implementation of SFAS 106[2] is not written on a blank slate. As the Investigation Order recognizes, there is a long procedural history concerning exogenous treatment of SFAS 106 costs,[3] culminating in the remand order of the DC Circuit Court of Appeals.[4]

The court of appeals order clarified that, under Commission rules at the time these costs were incurred, there were only two requirements for exogenous treatment of costs associated with a change in Generally Accepted Accounting Principles ("GAAP"). Such accounting changes must be adopted by the Commission -- "the 'control' test" -- and the associated costs "must be shown not to involve double counting with the GNP-PI adjustment."[5]

The appeals court found that the local exchange carriers ("LECs") had met the control test. "[A]n FASB change adopted by

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2 Order Designating Issues for Investigation (Com. Car. Bur. rel. June 30, 1995) ("Investigation Order").

3 Investigation Order, ¶¶ 2-13.

4 *Southwestern Bell Telephone Company v. FCC*, 28 F.3d 165 (D.C. Cir. 1994).

5 *Southwestern Bell*, 28 F.3d at 168.

the Commission" -- as SFAS 106 was[6] -- "is not a change under control of the carrier. . . ."[7] The change therefore satisfies the control criterion.

Thus, on the remand of the appeals court decision, the ***only*** question before the Commission is the second test for exogenous treatment of costs -- whether exogenous treatment of SFAS 106 costs would double count impacts already reflected in the price cap formula through the GNP-PI component.

2. There is No GNP-PI Double Counting.

The amount of SFAS 106 adoption costs afforded exogenous treatment in Bell Atlantic's tariffs was properly calculated to eliminate double counting. Specifically, in order to include any appropriate offset for the impact of the transition to SFAS 106 on GNP-PI -- *i.e.* the amount that would constitute double counting if also included in an exogenous adjustment -- Bell Atlantic relied on studies performed by Andrew Abel and Peter

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6 *See Southwestern Bell, GTE Service Corp., Notification of Intent to Adopt Statement of Financial Accounting Standards No. 106*, 6 FCC Rcd 7560 (Com. Car. Bur. 1991) ("Adoption Order").

7 *Southwestern Bell*, 28 F.3d at 170.

Neuwirth.[8] Using conservative parameters supported by actuarial and macroeconomic analyses, these studies show that "the increase in GNP-PI caused by SFAS 106 (0.0124% would provide for recovery of only 0.7% of the additional costs incurred by Price Cap LECs."[9] To put it another way, only 0.7% of the additional costs from the implementation of SFAS 106 would be double counted if also included in an exogenous adjustment. As a result, Bell Atlantic removed the GNP-PI impact in calculating its tariff adjustments.

Significantly, these calculations likely overstate the amount of any double counting. Because of the confluence of conservative assumptions, the studies' authors explain that the studies most likely overestimated the impact of SFAS 106 on the GNP-PI and therefore overestimated the amount of any double

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[8] ***See Treatment of Local Exchange Carrier Tariffs Implementing Statement of Financial Accounting Standards, "Employers Accounting for Postretirement Benefits other Than Pensions***, CC Docket No. 92-101, Direct Case of Bell Atlantic at 6 (filed June 1, 1992) ("Bell Atlantic Initial Direct Case"). At the time of the initial studies, Professor Abel and Mr. Neuwirth were affiliated with Godwins, Inc. In addition, a study performed by National Economic Research Associated ("NERA") and attached to the United States Telephone Association ("USTA") filing here provides supports the conclusion that only ***de minimis*** amounts of SFAS-106 adoption costs would be reflected in GNP-PI. As the Court of Appeals recognized, the sharp contrast in methodologies of the two studies only makes the ultimate conclusion "more robust." ***Southwestern Bell***, 28 F.3d at 172.

[9] Direct Case Filing of the USTA, Attachment A at 2 (filed August 14, 1995) ("Abel/Neuwirth Update"). The Abel/Neuwirth studies performed various sensitivity analyses -- many of which intentionally used unrealistic assumptions to test their results -- that confirmed their conclusion. It would be an improper use of those sensitivity analyses to substitute those results for the conclusions of the actual studies. *See* Abel/Neuwirth Update at 4.

counting.[10] Moreover, although the projected GNP-PI impact would take time to filter through the economy, Bell Atlantic conservatively reflected the entire impact in the first year.[11] Thus, if anything, Bell Atlantic has erred by ***overcompensating*** for the minuscule GNP-PI impact of SFAS 106. No further adjustments are necessary.

3. Additional Inquiries are Irrelevant.

Despite the single remaining issue to determine whether there has been any double counting of the exogenous costs, the Investigation Order strays into a variety of irrelevant inquiries. Indeed, only a few of the Commission data requests deal with the relevant issue of double counting.[12] While Bell Atlantic responds to all of the Commission's requests in the attached materials, the bulk of these requests clearly exceed the scope of the court of appeals' remand order. Whatever the intrinsic merits of other potential requirements for exogenous treatment, they are a "basis for ***amending*** [the Commission's]

[10] Abel/Neuwirth Update at 5.

[11] Bell Atlantic Initial Direct Case at 27.

[12] ***See*** Investigation Order, ¶¶ 24, 25, 28.

current rule, not for concocting a new rule in the guise of applying the old."[13]

For example, Issue E questions whether exogenous treatment should be limited to those benefit costs that are funded. Effectively, this asks whether to abandon the accrual accounting underlying SFAS 106 and limit exogenous treatment to actual payments (either to employees or to a benefit fund). Such a limitation cannot be found in Commission rules, and was clearly rejected by the court of appeals' when it found that SFAS 106 costs qualify as exogenous costs because they are real costs beyond the control of the LECs.[14]

Issue F, which asks whether exogenous treatment should be limited to accruals for vested benefits, also invites new limitations that do not exist in the rules. If the Commission had wanted to limit the type of benefits that could be accrued under SFAS 106, it could have rejected the GAAP accounting change and prospectively mandated an alternate change in Commission

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[13] ***Southwestern Bell***, 28 F.3d at 173. The Commission has amended its rule for exogenous treatment of accounting changes and in doing so has selectively removed exogenous treatment of these costs for the price cap regulated LECs, starting with their 1995 annual tariffs. ***See Price Cap Performance Review for Local Exchange Carriers***, First Report and Order, CC Docket No. 94-1, ¶¶ 292-314 (rel. April 7, 1995); ***but see*** Petition for Review, ***Bell Atlantic v. FCC***, No. 95-1217 (D.C. Cir. Apr. 19, 1995). Regardless of whether that change is a lawful amendment of the price cap rules, there can be no dispute that the tariffs under investigation here were not affected by the subsequent rule change.

[14] Such a requirement would also provide incentive to make uneconomic decisions concerning appropriate levels of pre-funding benefits. Such uneconomic decisions ultimately harm both the companies and their customers.

accounting rules. Having adopted the change without modification however,[15] the Commission is precluded from considering such limitations in its determination of exogenous costs.

The Commission also seeks data concerning benefit changes subsequent to adoption of SFAS 106.[16] These changes are under the control of the company and are ***endogenous*** costs. The ***exogenous*** costs at issue are the additional costs associated with the transition from pay-as-you-go accounting to the accrual accounting required by SFAS 106. As the court of appeals understood, the event creating the exogenous costs was not the requirement to pay benefits. Rather, it was the change in accounting rules that was beyond the companies' control.[17] Thus, all questions that relate to benefit changes subsequent to adoption of SFAS 106 are irrelevant to the exogenous costs that are the subject of the Commission review.[18]

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15 ***See*** Adoption Order.

16 ***See*** Investigation Order, ¶ 31.

17 ***See Southwestern Bell*** 28 F.3d at 169-170. Indeed, a significant amount of the costs at issue are the "transition obligation" costs. The transition obligation is actually a one-time cost that reflects the unfunded liability for benefits earned prior to implementation of SFAS 106. Despite the Commission's order to amortize the impact of these costs, those costs were fully incurred as of the time of SFAS 106 adoption.

18 Price cap regulation already accounts for future changes in benefit costs. On an industry-wide basis, future adjustments to the price cap formula's productivity factor would be reflective of industry productivity growth which implicitly reflects, among other things, various endogenous changes, including future changes in benefit-related expenses.

In addition, the Commission questions whether exogenous treatment may be limited to SFAS 106 costs incurred on or after January 1, 1993.[19] While that date was the latest date by which SFAS 106 adoption was allowed, LECs were "encouraged" to implement the rule change "earlier".[20] Bell Atlantic's adoption was consistent with the Commission Adoption Order. The order could have been date restrictive, but it was not. Having failed to make such restrictions at the time, however, the Commission cannot now adjust its rules and suggest that such adoption was not authorized by the Commission.

The Commission also seeks quantification of the impact of wage changes.[21] To the extent the Commission seeks information on the general impact of SFAS 106 on wages without regard to the impact on the GNP-PI, it is again going beyond the scope of its legitimate inquiry. A change in wage levels for the LECs is an endogenous change that requires no adjustment to the price cap formula. Like benefits levels, wage changes are under the control of the individual regulated companies. In contrast to GNP-PI changes, wage rates are not part of the price cap formula, and there can be no issue of double counting with respect to expected impact on wage rates.

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19 Investigation Order, Issue B.

20 Adoption Order, ¶ 2.

21 Investigation Order, ¶ 28.

Conclusion

Bell Atlantic's request for exogenous treatment of SFAS 106 costs is consistent with the Commission requirements in place at that time. The Commission should close its investigations without modification to the tariffed rates.

Respectfully submitted,

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August 14, 1995

BELL ATLANTIC
TELEPHONE COMPANIES

Direct Case
OPEB Investigation Order

Tariff F.C.C. No. 1, Transmittal No. 690
CC Docket No. 94-157

Issued August 14, 1995

BELL ATLANTIC DIRECT CASE
CC DOCKET No. 94-157

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A

BELL ATLANTIC DIRECT CASE
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Issue A: **Have AT&T and the individual LECs correctly, reasonably and justifiably calculated the gross amount of SFAS-106 costs that may be subject to exogenous treatment under price cap regulation?**

RESPONSE

Bell Atlantic has followed prevailing Generally Accepted Accounting Principles (GAAP) in calculating the total SFAS 106 costs that underlie the exogenous cost calculations provided in our 1993/94 and 1994/95 annual and mid-year tariff filings. These tariff filings reflect exogenous recovery of 1991 incremental SFAS 106 expenses, associated with Bell Atlantic's adoption of the SFAS 106 accounting methodology in 1991.

The adoption of SFAS 106 was an accounting change for Bell Atlantic, since the Company previously accounted for retiree postretirement health benefits on a modified cash basis composed mainly of a pay-as-you-go expense recognition for management retirees and trust contributions based upon actuarially determined accruals for associate retirees. Management and associate retiree group life insurance benefits were also accounted for on a modified cash basis, based on trust contributions using actuarially determined accruals.

The original SFAS 106 costs were derived in conformance with the guidelines specified by the Financial Accounting Standards Board (FASB) in its publication of SFAS 106. Postretirement benefit cost calculations were derived by Bell Atlantic Corporation's independent actuaries using a population consisting of the participants in the Bell Atlantic management and associate pension plans. In addition, an audit of Bell Atlantic's 1991 financial statements by the Company's external auditors did not evidence any SFAS 106 concerns.

In calculating the incremental SFAS 106 expense subject to exogenous treatment, Bell Atlantic properly removed pay-as-you-go amounts (i.e. VEBA funded trust contributions) and previously recognized amounts from its total SFAS 106 expense. This ensured that Bell Atlantic would not "double-recover" costs that were embedded in rates at the inception of price caps, or recover costs that could be considered endogenous.

The specific methodology employed by Bell Atlantic to fairly distribute these costs to interstate price cap baskets for exogenous ratemaking is addressed in the response to Issue C and paragraph 20

Paragraph 17-1

Provide the date the company implemented SFAS-106.

RESPONSE

The Company notified the Commission on December 31, 1991 of its intended adoption, pending Board of Directors' approval, of SFAS 106, *Employers' Accounting for Postretirement Benefits Other than Pensions*, effective January 1, 1991 for both regulatory and external reporting purposes. On January 7, 1992, Bell Atlantic confirmed with the Commission the Board's authorization to adopt SFAS 106, retroactive to January 1, 1991.

Paragraph 17-2

Provide the cost basis of the pay-as-you-go amounts that supported the rates in effect on the initial date that the carrier became subject to price cap regulation.

RESPONSE

The rates in effect on January 1, 1991, the initial date the company became subject to price cap regulation, were based on prospective 1990/1991 tariff year costs. Essentially, the rates reflected the prospective costs that supported the 1990 annual access tariff filing with adjustments for exogenous costs related to 1) the reduction in the authorized rate of return from 12.00% to 11.25%, 2) the change in Long Term Support, and 3) FCC Erratum. Please see column (G) of Exhibit 17-2-A for the split year pay-as-you-go amounts that supported the company's initial price cap rates.

Paragraph 17-3

Provide the effect of the price cap formula on that amount up to the date of conversion to SFAS-106.

RESPONSE

Since Bell Atlantic adopted SFAS 106 effective January 1, 1991, the price cap formula (GNP-PI and productivity) had no effect on pay-as-you-go costs. The only impact on price cap indices at that time was for exogenous costs detailed in the company's response to paragraph 17-2.

Paragraph 17-4

Provide the carrier's actual cash expenditures related to SFAS-106 for each year since the implementation of price caps, but prior to the implementation of SFAS-106 accounting methods.

RESPONSE

Since Bell Atlantic adopted SFAS 106 on January 1, 1991, coincident with the implementation of interstate price cap regulation, this data request is not applicable to Bell Atlantic.

Paragraph 17-5

Provide the treatment of these costs in reports to the Securities and Exchange Commission (SEC) and to shareholders, including specific citations to or excerpted materials from, such reports to indicate the amount of liability each party has projected for OPEBs.

RESPONSE

Excerpts from Bell Atlantic Corporation's 1991 Annual Report and Report on Form 8K dated June 9, 1992, as filed with the Securities and Exchange Commission, are attached. These reports describe the accounting treatment employed by Bell Atlantic in calculating the current year costs and the accumulated postretirement benefit obligation. These disclosures reflect all Bell Atlantic employees covered by OPEBs, whereas interstate regulatory reports and exogenous cost workpapers reflect only regulated network services group employees.

Upon adoption of SFAS 106 for external reporting purposes, Bell Atlantic exercised the FASB's option of recognizing the entire transition benefit obligation (TBO) in calendar year 1991. However, in conformance with the FCC's December 19, 1991 Order authorizing adoption of SFAS 106, Bell Atlantic is amortizing the TBO over the expected remaining service life of its employees for interstate regulatory reporting purposes.

Exhibits

Exhibit 17-5-A -- 1991 Annual Report - Pages 9 and 28 - 30
Exhibit 17-5-B -- Form 8K, filed June 9, 1992 - Pages 8 and 17 - 19

Paragraph 18-1

Describe each type of benefit being provided that is covered by the SFAS-106 accounting rules.

RESPONSE

The Bell Atlantic Management and Associate Retiree Health Plans provide medical and dental benefits and payment towards Medicare Part B Premiums for eligible retirees and their beneficiaries. Please see Plan Provisions detailed in Appendices B, C, and D of the 1991 management and associate actuarial reports (attached as Exhibits 26-A and 26-B, respectively).

The Bell Atlantic Retiree Life Insurance Plan provides life insurance benefits as stated in Appendix A of the 1991 actuarial report (attached as Exhibit 26-C).

Paragraph 18-2

Provide, on a year-by-year basis, what the pay-as-you-go amounts would have been had the company not implemented SFAS-106 methods.

RESPONSE

Exhibit 18-2-A provides the company's pay-as-you-go amounts for the years 1987 through 1994.

Since Bell Atlantic adopted SFAS 106 effective January 1, 1991, pay-as-you-go amounts incurred by the company prior to and subsequent to 1991 are irrelevant to the exogenous treatment of SFAS 106. The company removed all 1991 OPEB related pay-as-you-go and previously recognized amounts from the total 1991 SFAS-106 accrued expense in determining the incremental SFAS 106 exogenous cost. Subsequent to the exogenous adjustment for this incremental SFAS 106 expense, all of the underlying cost components became endogenous under price cap regulation. Consequently, changes in OPEB-related expenses that occurred in later years are endogenous to the company's operations, and are not eligible for exogenous treatment, regardless of whether the post-1991 OPEB-related expenses increased or decreased.

In addition, the pay-as-you-go expenses used to offset the total SFAS 106 cost are endogenous. Had the Company not adopted SFAS 106, as the Commission asks in this data request, these cash benefit costs, which were embedded in cost of service at the onset of price caps, would not qualify for exogenous treatment, and the Company would have absorbed any increased costs under the prevailing price cap plan. Since SFAS 106 **was** authorized for adoption by this Commission, and exogenous recovery did occur, this exogenous change reflected prevailing expenses at the time of adoption. The exogenous event is the change in the accounting methodology, and the amount subject to exogenous recovery is the expense using the new methodology, less pay-as-you-go expenses embedded in rates at that time.

Paragraph 18-3

Describe the forms of post-retirement benefit accrual accounting, if any, that were utilized before the effective date of price cap regulation

RESPONSE

Beginning January 1, 1989 the company began recording associate OPEB costs on the aggregate cost actuarial method (an IRS approved method). It should be noted that the company also made contributions to the Bell Atlantic Retiree Health Trust based upon the aggregate cost actuarial method. Effective January 1, 1991 Bell Atlantic adopted SFAS 106, an accrual method of accounting for postretirement benefits.

Paragraph 18-4

Describe the type and provide the level of SFAS-106 type expenses reflected in rates before they were adjusted for any exogenous treatment related to SFAS-106.

RESPONSE

Bell Atlantic provided retiree medical, dental, and life insurance benefits to eligible plan participants and made payments towards Medicare Part B premiums for eligible retirees and spouses. The company did not have any SFAS-106 type expenses reflected in rates before they were adjusted for exogenous SFAS-106 expenses. As stated in the company's response to Issue A, prior to adoption of SFAS 106, Bell Atlantic accounted for postretirement health and life insurance benefits on a modified cash basis. The company properly removed these cash expenses from its total SFAS 106 expense in calculating the incremental SFAS 106 expense subject to exogenous treatment. See Exhibit 18-2-A for pay-as-you-go costs.

Paragraph 18-5

Provide the level of SFAS-106 expenses that was reflected in the rates in effect on the initial date that the carrier became subject to price cap regulation.

RESPONSE

SFAS-106 expenses were not reflected in the company's rates that were in effect on January 1, 1991, the initial date the company became subject to price cap regulations. Although the company adopted SFAS-106 effective January 1, 1991, it did not seek exogenous treatment for these expenses until February, 1992.

B

BELL ATLANTIC DIRECT CASE
CC DOCKET No. 94-157

ISSUE B: Should exogenous claims be permitted for SFAS-106 costs incurred prior to January 1, 1993, the Commission's date for mandatory compliance?

RESPONSE

Exogenous claims for SFAS-106 prior to January 1, 1993 should be permitted. These are real costs that would otherwise be excluded. The Commission authorized the change to SFAS 106 accounting, and early adoption was encouraged. Bell Atlantic complied and adopted SFAS-106 effective January 1, 1991. On December 31, 1991, Bell Atlantic notified the Commission of its intent to adopt SFAS-106 and filed for exogenous treatment in February 1992. Because the incremental costs resulting from this new accounting standard were not reflected in the base period costs for Price Cap Indices, the costs fell under the Commission's treatment of exogenous within the Price Cap guidelines.[1] To meet the requirements of exogenous treatment, such costs must be mandated by the Commission (outside the carrier's control) and must be shown not to involve double counting with the GNP-PI adjustment.

There is no basis for the Commission to disallow these costs as exogenous. The D.C. Circuit of the United States Court of Appeals agreed that this accounting change approved by the Commission is a mandatory change outside the control of the LECs and should be treated as exogenous. The Court's remand to the Commission required that the final decision on the level of exogenous treatment of SFAS-106 costs be consistent with that conclusion.

[1] Section 61.44(c) of the Commission's rules identified exogenous cost changes that the Commission will permit or require under Price Cap rules.

C

BELL ATLANTIC DIRECT CASE
CC DOCKET No. 94-157

Issue C: **Have AT&T and the individual LECs correctly and reasonably allocated and separated amounts associated with implementation of SFAS-106 in accordance with the Commission's rules and Responsible Accounting Officer (RAO) letters?**

RESPONSE

Bell Atlantic properly allocated and separated amounts associated with SFAS-106 costs as demonstrated on Exhibit 20-1-A[2]. First, Bell Atlantic developed the total company annual amount of SFAS-106 costs for 1991. The Pay-As-You-Go amounts and previously recognized amounts were deducted from the SFAS-106 amount to arrive at the basic incremental costs for SFAS-106 (Workpaper 6-20). The basic incremental costs were then split into expense and capital components (Workpaper 6-21).

The expense component was multiplied by the ratio of subject-to-separations (STS) to total company Total Operating Expenses (less depreciation and amortization) per the ARMIS 43-01 report (Workpaper 6-22). The interstate (IS) portion was then derived by multiplying the STS expense amount by the ratio of IS to STS, less depreciation and amortization, per the ARMIS 43-01 report to determine the final interstate SFAS-106 expense amount, less depreciation and amortization (Workpaper 6-24).

The capital component was multiplied by the ratio of STS to total company plant in service (TPIS) (Workpaper 6-23). Interstate capital was derived by multiplying the STS capital amount by the ratio of IS to STS plant in service from the ARMIS 43-01 report (Workpaper 6-25). Using the IS capital amount, Bell Atlantic calculated the interstate depreciation expense associated with the incremental SFAS-106 expense. The depreciation rate was determined by dividing the interstate depreciation and amortization expense amounts by interstate plant in service developed from ARMIS. The depreciation rate was applied to the interstate capital amount to determine the interstate depreciation expense associated with the incremental SFAS-106 costs (Workpaper 6-26).

Next, Bell Atlantic computed the interstate portion of average state deferred tax expense by adding the interstate expense to the interstate depreciation expense and multiplying this total by the applicable state rates, thereby deriving the state deferred tax amounts. These amounts were then divided by two to provide the interstate portion of average state deferred taxes (Workpaper 6-27). The next step was to calculate the interstate portion of average federal income tax expense (FIT), in which the total interstate expense less state deferred taxes was multiplied by the FIT rate and divided by two (Workpaper 6-28).

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[2] Exhibit 20-1-A consists of Workpapers 6-19 through 6-33, as excerpted from Bell Atlantic Transmittal No. 497 filed on February 28, 1992

Bell Atlantic then calculated the unfunded liability amount for use in the rate base calculation. The total interstate expense, less depreciation and amortization, was multiplied by the ratio of interstate expense to total expense, less depreciation and amortization, from ARMIS to arrive at incremental unfunded liability allocated to interstate (Workpaper 6-29).

Bell Atlantic then computed the revenue requirements (Workpaper 6-30) and removed the portion of the revenue requirement associated with Billing and Collection from its calculation (Workpaper 6-32).

To eliminate any potential of double counting in the GNP-PI (Workpaper 6-31) of the incremental SFAS-106 expenses, Bell Atlantic removed from its price cap revenue requirement an amount for the increase in GNP-PI caused by the adoption of SFAS 106 (Workpaper 6-32).

The above steps are set forth in Bell Atlantic's Transmittal No. 497, Section 4.

Paragraph 20-1

Provide the amount associated with implementation of SFAS-106 for the total company (including telephone operations and non-telephone operations).

RESPONSE

The total company amount associated with implementing SFAS-106 is $403.4 million, see Workpaper 6-20 of Exhibit 20-1-A.

Paragraph 20-2

Provide an explanation of how the carrier arrived at the total company SFAS-106 amount.

RESPONSE

Total Bell Atlantic SFAS-106 accrual amounts were developed by Actuarial Sciences Associates (ASA). In developing the SFAS-106 costs, ASA used actual telecommunications industry experience to develop Bell Atlantic's retirement, disability and mortality assumptions. Bell Atlantic's medical and dental claims input and demographic data were based on its own experience. All assumptions about future events, with the exception of health care trends which are unique to SFAS-106, are the same assumptions used in determining Bell Atlantic's pension costs.

In order to determine the SFAS-106 costs, it was necessary to calculate the postretirement benefits that were expected to be paid in future years for currently active employees and retirees (including benefits to be paid for their eligible dependents) and to allocate benefits for active participants to the current year and to years of service rendered before the valuation date. The allocated benefits were then discounted for survivorship and interest to determine their present values.

The actuarial assumptions were segregated into five categories: demographic, average health care claims per retiree, pay growth, health care trends, and discount rate and rate of return on plan assets.

Demographic Assumptions
The demographic assumptions used by Bell Atlantic were based on actual historical telecommunications industry experience including the experience of Bell Atlantic.

Average Health Care Claims Per Retiree
The average claims per retiree were based on actual claims experience of Bell Atlantic. The average claims data were developed for the most part by gender and five year age groups to increase the accuracy of the data. Average claims per retiree were also developed separately to reflect plan benefit or cost sharing provisions which vary within the same plan. For example, the average claim data varied depending upon whether a management participant retired: 1) before April 1. 1986, 2) between April 1, 1986 and December 31, 1991; or 3) after 1991.

For management retirees who retire after 1991, future cost sharing is expected to differ based upon whether retirement occurred before or after age 65. There are also differences resulting from the retiree only, the retiree with one dependent, and the retiree with more than one dependent. Declining participation rates were assumed for the dependents to reflect higher anticipated cost sharing.

For associate retirees, the average medical claims per retiree were broken down by five year age groups for those retirees who retired before 1990. For retirees after 1990, the average claims per retiree were determined for those retiring before age 65 and those retiring after age 64 in order to reflect the 1989 negotiated settlement regarding company costs.

Pay Growth Assumptions
Pay growth assumptions only affect postretirement group life insurance benefits, which are less than 2% of Bell Atlantic's total SFAS 106 costs. A pay growth assumption of 5.25% was used.

Health Care Trends
Health care cost trend rates were developed for medical and dental benefits. Medical trend assumptions were developed based on an analysis of the expected medical inflation rate, the impact of medical inflation on different types of medical spending, and the

projected increase in the rates of utilization. Different trends were developed for retirees under and over age 65 to account for the impact of Medicare. The plan trends were adjusted for the general leveraging effect of deductibles and out-of-pocket maximums.

The initial medical trend rates reflected the large increases in claims costs from recent years. It was assumed that these large increases would not continue over a long period of time.

Dental trend rates were developed based on an analysis of historical and expected dental inflation.

Health care cost trend rates were not used with respect to Medicare Part B Reimbursement because the reimbursement was frozen at the 1991 Medicare Part B amount.

Discount Rate and Rate of Return on Plan Assets
The discount rate and rate of return on plan assets were determined in accordance with the requirements of SFAS 106. The discount rate used in determining the SFAS 106 costs was 8%. The rate of return on plan assets was 7 5%

The discount rate was determined based on an analysis of the yields on high quality bonds. The return on assets assumption was based on the expected long term rate of return on plan assets.

Paragraph 20-3

Provide the amounts allocated to the telephone operating companies, including the specific Part 32 Accounts used and the amounts allocated to each of those accounts.

RESPONSE

Workpaper 6-19 of Exhibit 20-1-A displays total SFAS-106 costs allocated to the Bell Atlantic study areas. The costs associated with the TBO Amortization, interest and return were booked to account 6728, Other General and Administrative Expense. The service cost amount was handled through the expense matrix

Paragraph 20-4

Provide the method of allocating amounts to the telephone operating companies (head counts, actuarial studies, etc.).

RESPONSE

Employee headcounts by state were used to allocate the total SFAS-106 costs.

Paragraph 20-5

Provide the amounts allocated between regulated and non-regulated activities of the telephone company, with a description and justification of the methodology for the allocations.

RESPONSE

Using the incremental expense amounts and incremental capital amounts, Bell Atlantic calculated the subject-to-separations amounts by multiplying the incremental total company amount by ratios of subject to separations to total company. These ratios were developed based on ARMIS 43-01 reports.

The steps used to develop subject-to-separation and non-regulated amounts are set forth in Bell Atlantic's Transmittal No. 497, Section 4.

See also, Workpapers 6-22 & 6-23 of Exhibit 20-1-A.

Paragraph 20-6

Provide the allocation of costs to baskets, by year

RESPONSE

Bell Atlantic used the percentage of total operating expenses to interstate expenses from the ARMIS 43-01 report to spread the costs to price cap baskets for all years.

Common Line = Common Line / Interstate
Traffic Sensitive = Traffic Sensitive / Interstate
Special Access = Special Access / Interstate
Interexchange = Interexchange / Interstate

The steps used to allocated costs to baskets are set forth in Bell Atlantic's Transmittal No. 497, Section 4.

See Workpaper 6-33 of Exhibit 20-1-A for amounts by basket.

D

BELL ATLANTIC DIRECT CASE
CC DOCKET No. 94-157

Issue D: **How should Voluntary Employee Benefit Association trusts or other funding mechanisms for these expenses be treated:**

Item 1

If implemented before price caps;

RESPONSE

As stated in the response to Paragraph 21-1, on January 1, 1991, Bell Atlantic had in effect two Voluntary Employee Benefit Association (VEBA) trusts, **Bell Atlantic Retiree Health Trust**, providing medical and dental benefit payments on behalf of retired associate plan participants and their beneficiaries[3], and the **Bell Atlantic Medical Trust**, providing benefit payments on behalf of active management and associate employees, and retired management employees.

Since these funded trusts were in existence prior to the implementation of price caps, it is appropriate to remove these costs from the incremental calculation of SFAS 106 expenses.

In all annual and mid-year tariff transmittals in which Bell Atlantic filed for exogenous treatment of its SFAS 106 expenses, Bell Atlantic removed all pay-as-you-go (e.g., VEBA funded trusts) and other accrued expenses from the total SFAS 106 costs, to determine the incremental costs subject to exogenous treatment. This ratemaking treatment was necessary to properly capture the incremental cost increase associated with the change from pay-as-you-go accounting to accrual accounting as specified under SFAS 106.

Item 2

If implemented after price caps, but before the change required by SFAS-106;

RESPONSE

This scenario is not applicable to Bell Atlantic

Item 3

If implemented after the change in accounting required by SFAS-106?

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[3] Prior to January 1, 1990, the Bell Atlantic Medical Trust, established on December 30, 1987, made benefit payments on behalf of both active and retired associate employees. On January 1, 1990, after establishment of the Bell Atlantic Retiree Health Trust, the Medical Trust stopped making payments on behalf of retired associate employees.

RESPONSE

Since the adoption of SFAS 106 is a promulgated accounting change that meets the definition of an exogenous event, per the U.S. Court of Appeals decision in July 1994, all SFAS 106 expenses are subject to exogenous recovery, except for those expenses that were either already embedded in rates at the inception of price caps, or endogenous in nature.

Therefore, the implementation of a VEBA trust subsequent to the adoption of SFAS 106 is irrelevant to the calculation of the exogenous cost. The incremental SFAS 106 expense subject to exogenous treatment would be the total SFAS 106 expense at adoption, less pay-as-you-go costs, at the inception of price caps. VEBA trusts established after the adoption of SFAS 106 are simply management's utilization of corporate assets, and have no bearing on the exogenous cost calculation for SFAS 106.

BELL ATLANTIC DIRECT CASE
CC DOCKET No. 94-157

Issue E: **Should exogenous treatment for SFAS-106 amounts be limited to costs that are funded?**

RESPONSE

The Commission should make no attempt to limit exogenous treatment of OPEB costs to amounts that are funded. The entire purpose of SFAS 106 was to move toward accrual recognition of these costs. To authorize the legitimate recognition of SFAS 106 expenses for calculation of net income, but prohibit recovery of these expenses, or otherwise limit recovery of these expenses to funded amounts, would be inconsistent with the accounting treatment accorded by the Commission in its December 19, 1991 Order authorizing the accounting change. Moreover, such an attempt would conflict with the ruling of the U.S. Court of Appeals for the D.C. Circuit in July 1994, affirming that LEC SFAS 106 expenses meet the definition of an exogenous cost. Any attempt by the Commission to limit exogenous treatment only to costs that are funded would be in direct violation of this Court ruling.

Should the Commission continue to pursue this issue, the Commission must realize that a funding requirement would have one of two consequences, neither of which is reasonable.

1) If the Commission were to require companies to fund all OPEB accruals, it would put the Commission in the position of requiring management to make imprudent or uneconomic financial decisions. Bell Atlantic has pre-funded OPEB benefits where it could do so on a tax-advantaged basis.[4] Full pre-funding could not be done on a tax deductible basis, or the assets would not be permitted to accumulate tax-free. Neither ratepayers nor shareholders will benefit if Bell Atlantic is required to manage its funds in ways that are not economical.

2) On the other hand, if the Commission were to limit the amount of OPEB costs that could be recovered through exogenous treatment to levels that were actually funded, it would, in effect, be requiring cash accounting for OPEB costs, and rejecting SFAS 106 altogether. Such a result is contrary to the Commission's own Part 32 Uniform System of Accounts' acceptance of Generally Accepted Accounting Principles (GAAP), which was adopted by the Commission in its GAAP Order dated October 31, 1985.[5]

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[4] See responses to Paragraphs 21 and 22 regarding VEBA Trusts.

[5] CC Docket 84-469, In the Matter of Revision of the Uniform System of Accounts for Telephone Companies to Accommodate Generally Accepted Accounting Principles, **Report and Order**, October 31, 1985

By limiting exogenous treatment to amounts that are funded, the Commission would, in effect, be limiting traditional management functions of balancing the interests of ratepayers, employees and shareholders and carefully managing the Company's funds and assets. Under SFAS 106, Bell Atlantic's financial statements reflect the Company's liabilities, including OPEB[6], as well as the Company's ability to meet those liabilities. The Company should retain the ability to manage its funds in a financially sound manner, rather than being required to lock funds into uneconomic or non tax-advantaged investments where they could not be retrieved if other tax-advantaged vehicles were to become available.

Paragraph 21-1

Describe any VEBA trust or other funding mechanisms for the expenses that were established prior to the adoption of SFAS-106

RESPONSE

On December 30, 1987, the company established the Bell Atlantic Medical Trust, a Voluntary Employees' Benefit Association (VEBA) trust, in accordance with Internal Revenue Code section 501 (c) (9). The trust was established to make employee benefit payments on behalf of active and retired Bell Atlantic employees in accordance with various Bell Atlantic employee benefit plans

On November 30, 1989, the company established the Bell Atlantic Retiree Health Trust, also a VEBA trust, for retired associates (non-management employees) in accordance with Internal Revenue Code section 501 (c) (9). As of January 1, 1990, at the direction of the company, the trustee began making medical and dental benefit payments on behalf of retired associate plan participants and their beneficiaries. Effective January 1, 1990 the Bell Atlantic Medical Trust stopped making medical and dental benefit payments on behalf of retired associates.

Paragraph 21-2

Provide the amounts, placed in these funds for each year since they were implemented, including the 1990-91 tariff year for LECs

RESPONSE

See Exhibit 18-2-A for the annual funding amounts for the Bell Atlantic Medical Trust (Medical Trust) and the Bell Atlantic Retiree Health Trust. As noted on Exhibit 18-2-A, the company made a $47,837,516 contribution to the Medical Trust on December 31, 1987. At that time, the Medical Trust was not set-up to separately record active and

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[6] See disclosures in enclosed 1991 Annual Report, Exhibit 17-5-A.

retiree health care contributions. Therefore, Bell Atlantic did not, and cannot, segregate the $47,837,516 contribution made in 1987 between active and retired employees.

Paragraph 21-3

Describe and provide the amounts in the trust that were for ongoing OPEBs and those that were for TBO

RESPONSE

Contributions to the Bell Atlantic Medical Trust are made on a current claims "pay-as-you-go" basis. Contributions to the Bell Atlantic Retiree Health Trust are made in accordance with the aggregate cost actuarial method (an IRS approved method). As such, amounts contributed to both trusts are not segregated between ongoing and TBO amounts.

Paragraph 21-4

Describe the assumptions made when the funds were set up, including, but not limited to, the time value of money, expected long-term rate of return on plan assets, future compensation levels, and retirement age factors affecting the amount and timing of future benefits.

RESPONSE

The participating companies made an initial contribution of $47,837,516 on December 31, 1987 to the Bell Atlantic Medical Trust to fund 1987 "incurred but not reported" (IBNR) management and associate active and retired employee health care claims. Since this amount was based upon a cash method of calculating IBNR claims, the assumption information requested in this data request is not applicable.

During the fourth quarter of 1989, the participating companies made a contribution of $11,389,742 to the Bell Atlantic Retiree Health Trust to fund 1989 IBNR retired associate health claims. Since this amount was based upon a cash method of calculating IBNR claims, the assumption information requested in this data request is not applicable.

In addition, the participating companies made a second contribution of $136,995,000 to the Bell Atlantic Retiree Health Trust using the aggregate cost actuarial method. The actuarial valuation prepared for the 1989 contribution assumed an "earnings return" of 7.50% for 1989 and a one-quarter percentage point reduction per year in the earnings return through 1996. The earnings return for 1996 and 1997 was assumed to be 5.75%. In 1998 and later years, the earnings return was assumed to equal 5.50%. The discount rate was assumed equal to the earnings return rate for each year for purposes of the valuation. Other assumptions concerning average claim costs per retiree, health care cost trend rates, and rates of separation, mortality, disability and retirement are described in

Exhibit 21-4-A. Other assumption information requested in this data request is not included in the actuarial study, and is not applicable

Paragraph 21-5

State the purpose of the VEBA funds and describe what SFAS-106 benefits packages are covered by each VEBA fund.

RESPONSE

The purpose of the Bell Atlantic Retiree Life Insurance Plan Trust is to provide post-retirement life insurance benefits for management and associate retirees and their beneficiaries in accordance with the Bell Atlantic Retiree Life Insurance Plan. The funds in this trust are used to pay retiree life insurance benefits.

The purpose of the Bell Atlantic Medical Trust is to maintain the following employee benefit plans for the participating companies: Bell Atlantic Medical Expense Plan (active associates), Bell Atlantic Dental Expense Plan (active associates), Bell Atlantic Vision Care Plan (active associates), Bell Atlantic BELL FLEX Medical Plan (active management), Bell Atlantic BELL FLEX Dental Plan (active management), Bell Atlantic BELL FLEX Vision Plan (active management), Bell Atlantic Management Retiree Health Plan (management retirees), and Bell Atlantic Health Care Plan (generally, active Bell Atlantic Metro Mobile employees). The funds in this trust are used to pay the medical, dental and vision care claims of the covered active and retired employees.

The purpose of the Bell Atlantic Retiree Health Trust is to maintain the following employee benefit plans for the participating companies: Bell Atlantic Medical Expense Plan (retired associates), and Bell Atlantic Dental Expense Plan (retired associates). The funds in this trust are used to pay the medical and dental claims of retired associates.

Paragraph 21-6

Describe the restrictions, if any, that prevent these VEBA funds from being used for other than SFAS-106 benefits.

RESPONSE

Generally, the provisions of the Bell Atlantic Medical Trust, the Bell Atlantic Retiree Health Trust, and the Bell Atlantic Retiree Life Insurance Trust state that **NO** assets of these trusts allocable to a specific plan may be used for or diverted to purposes other than the exclusive purpose of providing benefits to employees, retirees and their beneficiaries in accordance with such benefit plan. Assets may be used to defray reasonable expenses of administrating the plans. In the event that a contribution is made to one of the trusts by mistake of fact, the contribution, decreased for any attributable losses, may be returned to the company within one year after the contribution is made to the trust.

F

BELL ATLANTIC DIRECT CASE
CC DOCKET No. 94-157

Issue F: Should exogenous treatment be given only for amounts associated with employee interests that have vested?

RESPONSE

Exogenous recovery of OPEB expenses should not be limited to amounts associated with employee interests that have vested. There is no requirement, either statutory, or as imposed by the Financial Accounting Standards Board (FASB), that these benefits be vested (see response to Issue E). Per the FASB's determination in SFAS 106, expenses incurred by an employer for benefits to be distributed to employees after they retire are legitimate current costs to the business, and should be recognized at the time that they are incurred, not when they are distributed. Moreover, the Company has maintained retiree health plans and paid benefits in accordance with such plans since the Company's inception in 1984, and earlier when it was still incorporated under AT&T.[7] In addition, these plans, including eligibility requirements, changes and amendments, have been clearly communicated, in writing, to all employee participants.

Paragraph 22

We direct the LECs and AT&T to provide documentation showing when the employees interests in the OPEBs vest.

Also, companies must explain how they determine when an employee's interest vests in the OPEBs.

RESPONSE

Unlike pension benefits, there is no statutory requirement that retiree health benefits vest. Therefore, as a general matter, Bell Atlantic reserves the right to modify or terminate the management retirement health plan at any time, both as to current employees and as to retirees. For management employees, there is no vesting provision. Although there is also no stated vesting provision applicable to associate retirees, there are special rules under which Bell Atlantic's ability to modify or terminate associate retiree health plans may be restricted or even denied under applicable labor laws

Paragraph 23 of SFAS 106 states that one objective of the accounting standard is that an employer's method of accounting should reflect the terms of the exchange transaction that takes place between an employer who provides postretirement benefits and the employees who render services in exchange for those benefits as those terms are understood by both

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[7] The Bell Atlantic Telephone Operating Companies, formerly C&P Telephone, New Jersey Bell and Bell of Pennsylvania/Diamond State Telephone, have been providing postretirement health benefits since the 1960's.

parties to the transaction. Generally, the current written plan provides the best evidence of the terms of that exchange transaction (i.e. Bell Atlantic's Management and Associate Retiree Health Plans). It should be noted that the company has provided retiree health benefits as part of its employee benefits package since the company's inception on January 1, 1984. This demonstrates that postretirement benefits are not gratuities but are part of an employee's total compensation for services rendered. Since payment (of the postretirement benefits) is deferred, the benefits are a type of deferred compensation. Bell Atlantic's obligation for that compensation is incurred as employees render services necessary to earn their postretirement benefits. As such, the obligation is recorded as a current period cost and a liability as employees render their services in exchange for the future benefits.

G

BELL ATLANTIC DIRECT CASE
CC DOCKET No. 94-157

Issue G: **How should the deferred tax benefit applicable to OPEBs be treated for purposes of exogenous adjustments?**

RESPONSE

Deferred Taxes - State and Federal are fully recognized in Bell Atlantic's incremental SFAS-106 revenue requirement exogenous costs

The method used by Bell Atlantic to calculate deferred taxes for OPEB is the same method used for all exogenous changes impacting taxes.

Paragraph 23

AT&T and the LECs are directed to describe on a year-by-year basis any exogenous adjustments made to reflect any deferred tax benefit associated with their OPEB accrual amounts.

RESPONSE

Bell Atlantic calculated average interstate deferred state income tax amounts and average interstate deferred federal income tax amounts for 1991 as reflected on Workpapers 6-27 & 6-28 of Exhibit 20-1-A.

The expenses recognized for book purposes but not for state tax purposes were calculated by applying the applicable state tax rates to the total interstate expenses not recognized for tax purposes. These amounts were divided by two to arrive at the average interstate deferred state tax amount.

The expenses recognized for book purposes but not for federal income tax purposes were computed by applying the applicable FIT rate to the total interstate expenses less state income taxes not recognized for tax purposes. These amounts were divided by two to arrive at the average interstate deferred federal income tax amounts.

The incremental interstate amounts for Deferred Taxes - State and Federal were used in the calculation of revenue requirements for SFAS 106.

H

BELL ATLANTIC DIRECT CASE
CC DOCKET No. 94-157

Supporting Studies and Models

Paragraph 24

We require each company to include in its direct case all studies upon which the company seeks to rely in its demonstration that these accounting changes should receive an exogenous cost adjustment.

This includes studies demonstrating that the change is not reflected in the current price cap formulas, factors for inflation, productivity, allowed exogenous changes, the rates in effect on the initial date that the carrier became subject to price cap regulation, or, for the LECs, the sharing and low-end formula adjustment mechanisms.

Paragraph 25

Parties and commenters relying on a macroeconomic model shall fully describe and document the model, including the method of estimation, parameter estimates, and summary statistics.

These same data should be submitted for any alternate functional forms that were modeled including data used to estimate the model, the data used in making forecasts from the model, and the results of any sensitivity analyses performed to determine the effect of using different assumptions.

RESPONSE

Bell Atlantic relies on several industry studies that will be filed by USTA. Specifically, USTA plans on filing the following:

1. Affidavit by Professor Andy Abel and Mr. Peter Neuwirth which summarizes the available evidence, and demonstrates that the original Godwin's study is still valid for demonstrating the relationship of the impact of SFAS-106 to GNP-PI, and the extent to which the cost increases engendered by SFAS-106 will be recovered through the price cap plan.

2. Narrative statement by David Crosby which explains the results of the original Godwin's study. (1993). Originally filed by Southwestern Bell Corporation.

3. Original Godwin's "Post Retirement Health Care Study Comparison of Telco Demographic and Economic Structures and Actuarial Basis National Averages" study (1992) was commissioned by USTA, and was submitted by Bell Atlantic as well as several other LEC's in support of our tariff transmittals

4. Godwin's Response, which is an explanation of the macroeconomic model, to Paragraph 16 of the Order Designating Issues for Investigation in CC Docket 92-101. (1992).

5. The Rebuttal Analysis to accompany the 1992 Godwin's study. (1992)

6. Godwin's additional Sensitivity Analysis was provided to explain the conservative nature of the Godwin's study as well as to show the results of additional sensitivity analysis. (1992).

7. Additional Explanation of the Macroeconomic Model used in the Godwin's study. (1992).

8. USTA Ex Parte filed which responds to certain arguments that the adoption of SFAS-106 has not changed actual costs. (1993).

   In addition, a study performed by National Economic Research Associated ("NERA") and attached to the USTA filing provides support for the conclusion that only ***de minimis*** amounts of SFAS-106 adoption costs would be reflected in GNP-PI.

Paragraph 26

AT&T and the LECs shall provide a complete copy of all actuarial reports and studies used to determine SFAS-106 amounts and should provide descriptions and justifications of the actuarial assumptions, and the assumptions unique to post-retirement health care benefits, made in computing the SFAS-106 expenses

These assumptions should include, but are not limited to, the time value of money, expected rate of return on plan assets, participation rates, retirement age, per capita claims cost by age, health care cost trend rates, medical reimbursement rates, salary progression (if a company has a pay-related plan), and the probability of payment (turnover, dependency status, mortality, etc.).

Parties and commenters should also discuss what assumptions, if any, were made about other future events such as capping or elimination of benefits, or the possible advent of national health insurance.

RESPONSE

Actuarial reports and studies used to determine SFAS-106 amounts for 1991 are provided in Exhibits 26-A through 26-C for the Bell Atlantic Management Retiree Health Plan, the Bell Atlantic Associates Retiree Health Plan, and the Bell Atlantic Retiree Life Insurance Plan, respectively.

The studies provided in Exhibits 26-A through 26-C, which were prepared by an independent actuarial firm, indicate the assumptions used. Also, see the response to Paragraph 20-2 for information on the assumptions

The United States Court of Appeals for the District of Columbia Circuit has directed the Commission to grant exogenous treatment for OPEBs, and to determine the specific amount of OPEB-related costs that are eligible for exogenous treatment. The company's exogenous cost filing for SFAS-106 expenses was based on the company's OPEB-related expenses as existed in 1991, when the company adopted SFAS-106. The exogenous event **was** the adoption of SFAS-106 effective January 1, 1991. The exogenous event is **not** determined by the amount of on-going postretirement benefit expenses. The exogenous amount of SFAS-106 expenses equals the difference between the SFAS-106 accrual amount at the time the company adopted SFAS-106 and the pay-as-you-go amounts for OPEBs at that time. Changes in OPEB-related expenses that occurred in later years are endogenous to the company's operations, and are not eligible for exogenous treatment, regardless of whether the post-1991 OPEB-related expenses increased or decreased. Therefore, the probability of speculative and uncertain future events, such as elimination of benefits or the advent of national health insurance, are not quantified and are not reflected in the actuarial studies provided in Exhibits 26-A through 26-C. Please note that known caps on future benefits that were announced by the company (subject to negotiation for associates) are reflected in the actuarial assumptions.

Paragraph 27

We also direct AT&T and the LECs to submit all options provided by actuaries from which information was selected to derive SFAS-106 amounts including, but not limited to: the ranges of data on the age of the work force; the ages at which employees will retire; mortality rates; the gross eligible charge table by age; and the length of service of retirees.

For comparison purposes, carriers should also provide the actuarial assumptions and data used for SFAS-112 computations.

Carriers should provide information on whether they took into account the possibility of future downsizing of the workplace.

Carriers should provide information on what adjustments they have made to their SFAS-106 amounts for downsizing in the workforce that have occurred since the adoption of SFAS-106. Carriers should give full details of these adjustments.

RESPONSE

Bell Atlantic provides one set of plan participant census and claims data to the actuarial firm performing the studies each year for computation of SFAS-106 costs. Therefore, the actuaries have not provided Bell Atlantic with any options to derive the annual SFAS-106 amounts.

An "actuarial report" for 1993 (the year Bell Atlantic adopted SFAS-112) was not prepared. However, Towers Perrin, an independent actuarial firm, provided Bell Atlantic with valuation amounts for worker's compensation and long-term disability claims for SFAS-112 purposes (see Exhibit 27-A).

The company's actuaries have advised the company that it is unclear whether future force reductions would increase or decrease future SFAS-106 costs. This situation is due to the fact that the company cannot identify the projected force reduction demographics. More specifically, the company cannot distinguish between those employees who will leave the payroll with retirement health care benefits as opposed to employees who will leave the payroll without retirement health care benefits.

This distinction is significant because the separation of retiree eligible employees before their SFAS-106 projected retirement date will result in a SFAS-106 actuarial loss and additional cost. Conversely, the separation of employees who are not eligible for retiree benefits will generate an SFAS-106 actuarial gain and a cost reduction. Because the demographic information necessary to develop a SFAS-106 work force reduction assumption is not available, the company did not include such an assumption in the annual SFAS-106 valuations. In addition, such demographic information is irrelevant to the company's exogenous cost filing for SFAS-106 expenses because the calculation of such SFAS-106 expenses was based on the demographics of the employee/retiree population as existed in 1991, when the company adopted SFAS-106. As noted in the company's response to the Commission's questions in Paragraph 26, only 1991 SFAS-106 data is pertinent to determination of the specific amount of Bell Atlantic's OPEB-related costs that are eligible for exogenous treatment

Beginning in 1991, and each year thereafter, the employee/retiree census data used by the actuaries to calculate the annual SFAS-106 expense amounts is revised to reflect employees who were separated from the company during the preceding year. As such, each annual actuarial report and valuation takes into account employees that were separated during previous years. Since adjustments to annual SFAS-106 amounts are automatically incorporated into each new actuarial study based on actual work force changes from the preceding year, the company can not segregate the impact of these changes from other changes in actuarial assumptions. In addition, as previously noted, calculation of the company's post-1991 SFAS-106 expenses is irrelevant to the Commission's determination of the specific amount of OPEB-related costs that are eligible for exogenous treatment. Only the company's 1991 SFAS-106 expenses are relevant because the exogenous event occurred in 1991 (i.e. the company adopted SFAS-106).

Paragraph 28

Since part of the growth in Gross Domestic Product Price index (GDP-PI) presumably occurs due to growth in medical costs, we seek information on what adjustment, if any, should be made in the exogenous adjustment to avoid any double counting.

If an adjustment has been made, parties shall document how the adjustment was computed.

Moreover, parties and commenters should describe and quantify and wage changes that will be reflected in the GDP-PI that are expected to occur as a result of the introduction of SFAS-106. In particular, parties and commenters should discuss what adjustment, if any, should be reflected in the exogenous adjustment for this change.

RESPONSE

The Godwin's studies[8] provided as an attachment to the USTA filing in this proceeding provide expert analysis that shows that any GNP-PI double counting is limited to .0124% impact on GNP-PI. The .0124% was a result of the macroeconomic model output provided by Godwin's. In that study Abel and Neuwirth included all components, including medical costs effect on GNP-PI. Therefore, it should be noted that Bell Atlantic is only seeking exogenous treatment for the effects of the mandated change to SFAS-106 accounting. Furthermore, Bell Atlantic has not sought exogenous treatment for future increases in medical care costs.

It should be noted that the wage change effect calculated by Godwin's did not deal with the impact on GNP-PI. Because wages are not a separate component of the price cap formula, no additional offset is required for those amounts because there is no double counting.

[8] See Treatment of Local Exchange Carrier Tariffs Implementing Statement of Financial Accounting Standards, "Employers Accounting for Post Retirement Benefits other than Pensions, CC Docket No. 92-101, Bell Atlantic Transmittal No. 497, US West Transmittal No. 246 and PacTel Transmittal No. 1579, Direct Case of Bell Atlantic at 6 (filed June 1, 1992). ("Bell Atlantic Initial Direct Case"). At the time of the initial studies, Professor Abel and Mr. Neuwirth were affiliated with Godwin's, Inc.

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Miscellaneous Supporting Information

Paragraph 29

Each carrier shall provide information on its average total compensation per employee and the amount of this total compensation represented by OPEBs.

We ask parties and commenters to provide similar data for the economy as a whole for comparison.

RESPONSE

See Exhibits 29-A and 29-B.

Paragraph 30

Because the accruals for OPEBs generally represent non-cash expenses that may never be paid, we direct parties to describe the provisions they have made, if any, to return to ratepayers the over-accrual, if any, of the non-cash expenses if exogenous treatment is given for these amounts.

Parties should describe any plans they have to return such monies to customers through voluntary PCI reductions or other means.

Parties shall also describe how they recognize these gains from such over-accruals on their books of account.

RESPONSE

The company's 1991 accrual for OPEBs was calculated in accordance with the requirements of SFAS-106. As noted in the company's response to the Commission's questions in Paragraph 26, only 1991 SFAS-106 data is pertinent to determination of the specific amount of Bell Atlantic's OPEB-related costs that are eligible for exogenous treatment.

Future adjustments to the price cap formula's productivity factor would reflect industry-wide productivity growth, which implicitly reflects, among other things, the cumulative impact of various endogenous changes, including the possible future avoidance of payments for OPEB-related expenses previously accrued.

Each year the aggregate actuarial gains and losses in excess of 10% of the Accumulated Postretirement Benefit Obligation (APBO) are amortized over the estimated average remaining service life of the active employee plan participants.

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Paragraph 31

The accrual calculations used by the companies to develop their claims for exogenous treatment for SFAS-106 amounts are, in part, based on the OPEBs provided pursuant to contracts between the companies and their employees. These contracts are currently being renegotiated. The OPEB benefits represent a significant issue in these negotiations. Any change in OPEBs will affect future accrued amounts and will be useful to compare prior calculated accruals to the new OPEB contracts to aid in determining whether the former calculations were reasonable.

In particular, we are interested in determining whether the underlying actuarial assumptions have changed. Therefore, on an ongoing basis, parties shall document any and all changes made in OPEBs offerings to employees. Any new contracts with employees and their representative unions shall be submitted as they are negotiated.

RESPONSE

The company will provide copies of new contracts with its unions as soon as they are finalized and printed. Please note that the recently negotiated contracts with the International Brotherhood of Electrical Workers (IBEW) in New Jersey and Pennsylvania are not final because they allow the IBEW to unilaterally adopt the provisions of the contracts that are still under negotiation with the Communications Workers of America (CWA).

The company's 1992 contracts with its unions are voluminous, and they do not contain any specific OPEB-related information. Therefore, these contracts are not provided herein. Please note that copies of these contracts will be made available to the Commission upon request.

Changes made in OPEBs offerings to employees in 1993 and 1994 are provided in Exhibits 31-A and 31-B, respectively. Please note that there were no OPEBs changes effective in 1992.

J

PAY-AS-YOU GO AMOUNTS REFLECTED IN RATES ON INITIAL DATE OF PRICE CAP REGULATION
(Dollars in Thousands)

	1990 Cash Expense (A)	1991 Cash Expense (B)	Split Year Cash Expense (C)	Note 1 Total Company Corp Oper Exp (D)	Note 2 Interstate Corp Oper Exp (E)	Separations Ratio (F)=(E) / (D)	Interstate Split Year Cash Expense (G) = (F) * (C)
DC	9,201,193	10,773,244	9,987,219	N/A	N/A	22.22%	2,218,763
MD	29,103,934	30,785,195	29,944,565	N/A	N/A	22.22%	6,652,492
VA	25,371,454	27,293,899	26,332,677	N/A	N/A	22.22%	5,850,074
WV	8,280,669	9,192,590	8,736,630	N/A	N/A	22.22%	1,940,932
NJ	49,151,919	52,861,982	51,006,951	N/A	N/A	22.22%	11,331,717
PA	51,942,537	55,549,159	53,745,848	N/A	N/A	22.22%	11,940,191
DE	2,956,969	3,513,839	3,235,404	N/A	N/A	22.22%	718,778
NSI	2,794,437	3,406,192	3,100,315	N/A	N/A	22.22%	688,767
Total	178,803,112	193,376,100	186,089,606	1,194,183	265,300	22.22%	41,341,714

Note 1 : Bell Atlantic 1990 Annual Access Tariff Filing, filed 4/2/90, COS-6(P), rows 6710 + 6720. Bell Atlantic implemented regional tariff rates in 1988; therefore, the company presented its TRP data at the regional level of aggregation. Prospective split year total company Corporate Operations Expense is not available by study area.

Note 2: Bell Atlantic 1990 Annual Access Tariff Filing, filed 4/2/90, COS-7(P), row 7331, Cols (p) + (r). Prospective split year interstate Corporate Operations expense is not available by study area.

Exhibit 17-5-A

Bell Atlantic

Bell Atlantic
1991
Annual Report

engaged in the sale and leasing of computer equipment. 1990 revenues were greater than in 1989 principally due to increases in the leased asset portfolios of the lease financing subsidiaries.

Operating Expenses

Employee costs consist of salaries, wages and other employee compensation, employee benefits, and payroll taxes. During 1991, the Company offered a retirement incentive program to eligible management employees electing early retirement from the Network Services companies and certain other subsidiaries. Under this program, approximately 3,200 employees retired on December 15, 1991.

Employee costs increased by $175.5 million or 4.7% in 1991. A 2% increase in salaries and wages resulted from annual wage increases provided for in the labor contracts covering associate employees in the Network Services companies, as well as salary progressions for management and other administrative employees. These increases were partially offset by the effects of hiring freezes and reductions in overtime at the telephone subsidiaries, lower accruals for performance awards and workforce reductions at certain unregulated subsidiaries. Pension and benefits expense increased 14% in 1991 due primarily to the increases in the costs of providing health care benefits to active and retired employees. This increase included approximately $55 million related to the adoption of Statement No. 106. The Company continued to address the increase in cost caused by health care inflation through implementation of certain medical cost-containment initiatives in 1991 as permitted by labor agreements. Additional cost-sharing arrangements affecting management employees retiring after December 31, 1991 were also announced during 1991 as part of the Company's plan to control future health care cost increases. 1991 pension and benefits expense also increased by approximately $11 million as a result of costs associated with the retirement incentive program, principally special termination benefits.

In 1990, employee costs increased by $22.0 million primarily as a result of annual wage increases and salary progressions, increased benefit costs, acquisitions, and growth in the Company's unregulated subsidiaries. These increases were substantially offset by the effect of an early retirement program in 1989, under which approximately 1,700 management employees received financial incentives and left the Company. In addition, 1990 employee costs decreased by $64.4 million due to the effect of accounting for the Company's leveraged employee stock ownership plans (ESOPs), which became effective on January 1, 1990. Under ESOP accounting rules, the portion of the Company's contribution representing interest on the ESOP debt is classified as interest expense. This decrease in employee costs was partially offset by a $23.0 million increase in the Company's matching contributions to the saving plans.

Depreciation and amortization expense decreased $78.5 million in 1991. The decrease was caused by the absence of approximately $150 million in depreciation and amortization due to the effects of the completion of accelerated amortization of certain plant assets, the completion of depreciation of certain switching equipment and the conclusion of regulator-approved amortization of depreciation reserve deficiencies at several of the telephone subsidiaries during 1990. In addition, the previously mentioned de-emphasis of the Financial Services companies also had the effect of decreasing 1991 depreciation through reduced amounts of leased equipment held by these companies. These decreases were partially offset by growth in the level of depreciable plant at the telephone subsidiaries and increases of approximately $43 million resulting from represcribed depreciation rates at several of the telephone subsidiaries. Depreciation and amortization expense decreased by $42.7 million in 1990, reflecting the effect of 1989 write-downs for the value of goodwill, amortizable spare parts inventories and other assets of certain unregulated subsidiaries, which increased 1989 expense by approximately $164 million. 1990 expenses also included growth-related increases in depreciable plant and the impact of represcribed depreciation rates.

Other operating expenses decreased $31.1 million in 1991 due in large part to the Company's cost-containment efforts which more than offset inflationary increases. The de-emphasis of the Financial Services companies, including the effect of the 1990 disposition of Computer Products, reduced expenses by $54.9 million. In addition, a higher provision for uncollectibles in 1990 at Bell Atlantic Mobile Systems, Inc. (Mobile Systems) and the July 1991 transfer of the Company's European computer maintenance business to a joint venture had the effect of decreasing 1991 expenses when compared with 1990. Substantially offsetting these decreases in other operating expenses were 1991 increases including approximately $58 million of restructure-related costs associated with the retirement incentive program and $21.4 million of additional capital stock, property, and gross receipts taxes related to the previously mentioned tax legislation in Pennsylvania. Results for 1991 also included higher expenses resulting from the June 1990 acquisition of

The following table sets forth the plans' funded status and amounts recognized in the Company's Consolidated Balance Sheets as of December 31:

	1991	1990
	(Dollars in Millions)	
Actuarial present value of benefit obligations:		
Benefits based on service to date and present salary levels		
Vested	$ 7,192.6	$ 6,324.5
Nonvested	1,740.5	1,732.2
Accumulated benefit obligation	8,933.1	8,056.7
Additional benefits related to estimated future salary levels	1,238.9	1,252.4
Projected benefit obligation	10,172.0	9,309.1
Fair value of plan assets	11,769.6	10,521.7
Plan assets in excess of projected benefit obligation	(1,597.6)	(1,212.6)
Unrecognized net gain	1,925.6	1,278.8
Unamortized prior service cost	(201.7)	(120.2)
Unamortized net transition asset	250.6	270.0
Additional minimum liability for nonqualified plans	43.2	—
Accrued pension obligation	$ 420.1	$ 216.0

The assumed discount rate used to measure the projected benefit obligation was 7.75% at December 31, 1991 and 8.0% at December 31, 1990. The assumed rate of future increases in compensation levels was 5.25% at December 31, 1991 and 1990. The expected long-term rate of return on plan assets was 7.5% for 1991, 1990, and 1989. The vested benefit obligation represents the actuarial present value of vested benefits to which employees are currently entitled based on the employees' expected dates of separation or retirement.

The Company has in the past entered into labor negotiations with the unions representing certain employees and expects to do so in the future. Pension benefits have been included in these negotiations and improvements in benefits have been made from time to time. Additionally, the Company has amended the benefit formula under pension plans maintained for its management employees. Expectations with respect to future amendments to the Company's pension plans have been reflected in determining the Company's pension cost under Statement of Financial Accounting Standards No. 87, "Employers' Accounting for Pensions" (Statement No. 87). Since the projected benefit obligation, as calculated under Statement No. 87, relies on assumptions concerning future events, a comparison of the projected benefit obligation to the fair value of plan assets at December 31, 1991 and 1990 may not be meaningful.

Postretirement Benefits Other Than Pensions

Effective January 1, 1991, the Company has adopted Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions" (Statement No. 106). Statement No. 106 requires accrual accounting for all postretirement benefits other than pensions. Under the prescribed accrual method, the Company's obligation for these postretirement benefits is to be fully accrued by the date employees attain full eligibility for such benefits. Prior to the adoption of Statement No. 106, the cost of health benefits for management retirees was recognized by charging claims to expense as they were incurred. The cost of health benefits for current and future associate retirees was recognized as determined under the aggregate cost actuarial method. The cost of postretirement life insurance benefits was also recognized as determined under the aggregate cost actuarial method.

In conjunction with the adoption of Statement No. 106, for financial reporting purposes, the Company elected to immediately recognize the accumulated postretirement benefit obligation for current and future retirees, net of the fair value of plan assets and recognized accrued postretirement benefit cost (transition obligation), in the amount of $1,554.3 million, net of a deferred income tax benefit of $945.6 million. On December 26, 1991, the Federal Communications Commission (FCC) released an order permitting adoption of Statement No. 106 on or before January 1, 1993. The FCC order permits amortization of the transition obligation over the average remaining service period of active employees for interstate regulatory accounting purposes. Pursuant to Statement of Financial Accounting Standards No. 71, "Accounting for the Effects of

Certain Types of Regulation" (Statement No. 71), a regulatory asset associated with the recognition of the transition obligation was not recorded because of uncertainties as to the timing and extent of recovery given the Company's assessment of its long-term competitive environment.

Substantially all of the Company's management and associate employees are covered under postretirement health and life insurance benefit plans. The determination of postretirement benefit cost for postretirement health benefit plans is based on comprehensive hospital, medical, surgical, and dental benefit provisions. The postretirement life insurance benefit formula used in the determination of postretirement benefit cost is primarily based on annual basic pay at retirement.

The Company funds for postretirement health benefits for associate employees and postretirement life insurance benefits for management and associate employees. The Company's objective in funding these plans is to accumulate funds at a relatively stable rate over participants' working lives so that benefits are fully funded at retirement. Plan assets consist principally of investments in domestic and nondomestic corporate equity securities, and U.S. Government and corporate debt securities.

Postretirement benefit cost is composed of the following for the year ended December 31, 1991:

	Health	Life Insurance	Total
	(Dollars in Millions)		
Benefits earned during the year	$ 50.5	$ 7.2	$ 57.7
Interest on accumulated postretirement benefit obligation	221.5	30.5	252.0
Actual return on plan assets	(64.6)	(99.8)	(164.4)
Net amortization and deferral	45.5	68.1	113.6
Postretirement benefit cost	$252.9	$ 6.0	$ 258.9

The following table sets forth the plans' funded status and the amount recognized in the Company's Consolidated Balance Sheet as of December 31, 1991:

	Health	Life Insurance	Total
	(Dollars in Millions)		
Accumulated postretirement benefit obligation attributable to:			
Retirees	$1,814.2	$208.5	$2,022.7
Fully eligible plan participants	297.3	53.6	350.9
Other active plan participants	983.8	169.7	1,153.5
Total accumulated postretirement benefit obligation	3,095.3	431.8	3,527.1
Fair value of plan assets	330.6	514.6	845.2
Accumulated postretirement benefit obligation in excess of (less than) plan assets	2,764.7	(82.8)	2,681.9
Unrecognized net gain (loss)	(153.9)	40.6	(113.3)
Unamortized prior service cost	(3.6)	—	(3.6)
Accrued (prepaid) postretirement benefit obligation	$2,607.2	$(42.2)	$2,565.0

The assumed discount rate used to measure the accumulated postretirement benefit obligation was 7.75% at December 31, 1991 and 8.0% at January 1, 1991. The assumed rate of future increases in compensation levels was 5.25% at December 31, 1991. The expected long-term rate of return on plan assets was 7.5% for 1991. The medical cost trend rate in 1991 was approximately 15.0%, grading down to an ultimate rate in 2003 of approximately 5.0%. The dental cost trend rate in 1991 and thereafter is approximately 4.0%. A one percentage point increase in the assumed health care cost trend rates for each future year would have increased the aggregate of the service and interest cost components of 1991 net periodic postretirement benefit cost by $44.5 million and would have increased the accumulated postretirement benefit obligation as of December 31, 1991 by $400.8 million.

Certain postretirement benefits other than pensions have been included in the labor negotiations described above, and such benefits have been modified from time to time. Additionally, the Company has amended the benefits under postretirement benefit plans maintained for its management employees. Expectations with respect to certain future amendments to the Company's postretirement benefit plans have been reflected in determining the Company's postretirement benefit cost under Statement No. 106.

During 1990 and 1989, the cost of postretirement health benefits was $179.5 million and $221.3 million, respectively. In addition, the Company recognized postretirement life insurance benefit cost of $3.9 million in 1990 and $9.7 million in 1989.

Savings Plans and Employee Stock Ownership Plans

The Company has established savings plans to provide opportunities for eligible employees to save for retirement on a tax-deferred basis and encourage employees to acquire and maintain an equity interest in the Company. Under these plans, the Company matches a certain percentage of eligible employee contributions. In 1989, two leveraged employee stock ownership plans (ESOPs) were established and revisions were made to the existing employee savings plans, effective January 1, 1990, to require that the Company's matching contribution be invested in shares of the Company's common stock. The ESOPs are intended to take advantage of tax incentives and provide the opportunity for the Company to improve cash flow by allocating appreciated common stock from the ESOP trusts to satisfy a substantial portion of its matching obligation, with the remaining obligation satisfied through additional Company contributions. The amount of common stock available for allocation from the ESOP trusts is based on the proportion of principal and interest paid on ESOP debt in a year to the remaining principal and interest due over the term of the debt.

The ESOP trusts were initially funded by the issuance of $790.0 million in ESOP Senior Notes at an annual interest rate of 8.25%. The ESOP Senior Notes are payable in semiannual installments, which began on January 1, 1990 and end in the year 2000. The ESOP trusts will repay the notes, including interest, with funds from the Company's contributions to the ESOP trusts, as well as dividends received on unallocated shares of common stock, and interest earned on the cash balances of the ESOP trusts.

Total ESOP cost and trust activity consists of the following:

	Years Ended December 31,	
	1991	1990
	(Dollars in Millions)	
Compensation	$ 39.7	$ 28.9
Interest incurred	61.3	64.4
Dividends	(37.6)	(37.9)
Other trust earnings and expenses, net	(.1)	(.5)
Net leveraged ESOP cost	63.3	54.9
Additional ESOP cost	27.5	33.1
Total ESOP cost	$ 90.8	$ 88.0
Dividends received for debt service	$ 42.2	$ 52.8
Total company contributions to trusts	$ 92.2	$ 75.7

Due to the issuance of the ESOP Senior Notes and the purchase of shares of common stock prior to January 1, 1990, the Company incurred net leveraged ESOP cost of $6.3 million in 1989.

Exhibit 17-5-B

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

CURRENT REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report: June 9, 1992

BELL ATLANTIC CORPORATION
(Exact name of registrant as specified in its charter)

1-8606
(Commission File No.)

Delaware (State of Incorporation)	**23-2259884** (I.R.S. Employer Identification No.)
1717 Arch Street, Philadelphia, Pennsylvania (Address of principal executive offices)	19103 (Zip Code)

Registrant's telephone number, including area code: (215) 963-6000

Lessor Revenue Recognition

Certain unregulated subsidiaries act as lessors in direct financing, leveraged, and operating lease transactions.

Direct financing lease receivables consist of the net minimum lease payments receivable under the leases plus the estimated residual value of the leased property less the unearned income. Unearned income represents the excess of the net minimum lease payments receivable plus the estimated residual value over the cost of the equipment leased. Unearned income is amortized to income over the term of the lease by methods that provide an approximately level rate of return on the net investment in the lease.

Leveraged lease receivables consist of the aggregate minimum rentals receivable under the leases, net of related nonrecourse debt, plus the estimated residual value of the leased property less unearned income. The unearned income represents the estimated pretax lease income and unamortized investment tax credits. Accumulated deferred income taxes arising from leveraged leases are deducted from leveraged lease receivables to determine the net investment in leveraged leases. Unearned income is recognized at a rate that will distribute income to years in which the net investment in the leveraged lease is positive.

Operating lease income is recognized in equal monthly amounts over the term of the lease.

Employee Benefits

Pension Plans

Substantially all employees of the Company are covered under noncontributory retirement plans. Amounts contributed to the Company's pension plans are actuarially determined, principally under the aggregate cost method, and are subject to applicable federal income tax regulations.

Postretirement Benefits Other Than Pensions

Substantially all employees of the Company are covered under postretirement health and life insurance benefit plans.

Effective January 1, 1991, the Company adopted Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions" (Statement No. 106). Statement No. 106 requires accrual accounting for all postretirement benefits other than pensions. Under the prescribed accrual method, the Company's obligation for these postretirement benefits is to be fully accrued by the date employees attain full eligibility for such benefits. Prior to the adoption of Statement No. 106, the cost of health benefits for management retirees was recognized by charging claims to expense as they were incurred. The cost of health benefits for current and future associate retirees was recognized as determined under the aggregate cost actuarial method. The cost of postretirement life insurance benefits was also recognized as determined under the aggregate cost actuarial method.

The Company makes contributions to a retiree health care trust for associate employees. Contributions to the trust are determined principally under the aggregate cost actuarial method and are limited to amounts permitted under Internal Revenue Service rules for determining tax-deductible contributions.

The Company annually funds an amount for life insurance benefits that is determined using the aggregate cost actuarial method.

Savings Plans and Employee Stock Ownership Plans

The Company maintains savings plans which cover substantially all of its employees. A substantial portion of the Company's matching contribution is provided through employee stock ownership plans (ESOPs). The Company recognizes expense based on accounting rules applicable to companies with ESOP trusts that held securities prior to December 15, 1989. Under this method, the Company recognizes 80 percent of the cumulative expense that would have been recognized under the shares allocated method.

During 1991, the Company offered a retirement incentive program to eligible management employees electing early retirement from the Network Services companies and certain other subsidiaries. The increase in pension cost from 1990 to 1991 is primarily due to the special termination benefits attributable to employees retiring in 1991 under this program. The remaining increase in 1991 and the increase in pension cost from 1989 to 1990 are the net result of changes in plan provisions, actuarial assumptions, and demographic and investment experience.

The following table sets forth the plans' funded status and amounts recognized in the Company's Supplemental Consolidated Balance Sheets as of December 31:

	1991	1990
	(Dollars in Millions)	
Actuarial present value of benefit obligations:		
Benefits based on service to date and present salary levels		
Vested	$ 7,192.6	$ 6,324.5
Nonvested	1,740.5	1,732.2
Accumulated benefit obligation	8,933.1	8,056.7
Additional benefits related to estimated future salary levels	1,238.9	1,252.4
Projected benefit obligation	10,172.0	9,309.1
Fair value of plan assets	11,769.6	10,521.7
Plan assets in excess of projected benefit obligation	(1,597.6)	(1,212.6)
Unrecognized net gain	1,925.6	1,278.8
Unamortized prior service cost	(201.7)	(120.2)
Unamortized net transition asset	250.6	270.0
Additional minimum liability for nonqualified plans	43.2	—
Accrued pension obligation	$ 420.1	$ 216.0

The assumed discount rate used to measure the projected benefit obligation was 7.75% at December 31, 1991 and 8.0% at December 31, 1990. The assumed rate of future increases in compensation levels was 5.25% at December 31, 1991 and 1990. The expected long-term rate of return on plan assets was 7.5% for 1991, 1990, and 1989. The vested benefit obligation represents the actuarial present value of vested benefits to which employees are currently entitled based on the employees' expected dates of separation or retirement.

The Company has in the past entered into labor negotiations with the unions representing certain employees and expects to do so in the future. Pension benefits have been included in these negotiations and improvements in benefits have been made from time to time. Additionally, the Company has amended the benefit formula under pension plans maintained for its management employees. Expectations with respect to future amendments to the Company's pension plans have been reflected in determining the Company's pension cost under Statement of Financial Accounting Standards No. 87, "Employers' Accounting for Pensions" (Statement No. 87). Since the projected benefit obligation, as calculated under Statement No. 87, relies on assumptions concerning future events, a comparison of the projected benefit obligation to the fair value of plan assets at December 31, 1991 and 1990 may not be meaningful.

Postretirement Benefits Other Than Pensions

Effective January 1, 1991, the Company has adopted Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions" (Statement No. 106). Statement No. 106 requires accrual accounting for all postretirement benefits other than pensions. Under the prescribed accrual method, the Company's obligation for these postretirement benefits is to be fully accrued by the date employees attain full eligibility for such benefits. Prior to the adoption of Statement No. 106, the cost of health benefits for management retirees was recognized by charging claims to expense as they were incurred. The cost of health benefits for current and future associate retirees was recognized as determined under the aggregate cost actuarial method. The cost of postretirement life insurance benefits was also recognized as determined under the aggregate cost actuarial method.

In conjunction with the adoption of Statement No. 106, for financial reporting purposes, the Company elected to immediately recognize the accumulated postretirement benefit obligation for current and future retirees, net of the fair value of plan assets and recognized accrued postretirement benefit cost (transition obligation), in the amount of $1,554.3 million, net of a deferred income tax benefit of $945.6 million. On December 26, 1991, the Federal Communications Commission (FCC) released an order permitting adoption of Statement No. 106 on or before January 1, 1993. The FCC order permits amortization of the transition obligation over the average remaining service period of active employees for interstate regulatory accounting purposes. Pursuant to Statement of Financial Accounting Standards No. 71, "Accounting for the Effects of Certain Types of Regulation" (Statement No. 71), a regulatory asset associated with the recognition of the transition obligation was not recorded because of uncertainties as to the timing and extent of recovery given the Company's assessment of its long-term competitive environment.

Substantially all of the Company's management and associate employees are covered under postretirement health and life insurance benefit plans. The determination of postretirement benefit cost for postretirement health benefit plans is based on comprehensive hospital, medical, surgical, and dental benefit provisions. The postretirement life insurance benefit formula used in the determination of postretirement benefit cost is primarily based on annual basic pay at retirement.

The Company funds for postretirement health benefits for associate employees and postretirement life insurance benefits for management and associate employees. The Company's objective in funding these plans is to accumulate funds at a relatively stable rate over participants' working lives so that benefits are fully funded at retirement. Plan assets consist principally of investments in domestic and nondomestic corporate equity securities, and U.S. Government and corporate debt securities.

Postretirement benefit cost is composed of the following for the year ended December 31, 1991:

	Health	Life Insurance	Total
	(Dollars in Millions)		
Benefits earned during the year	$ 50.5	$ 7.2	$ 57.7
Interest on accumulated postretirement benefit obligation	221.5	30.5	252.0
Actual return on plan assets	(64.6)	(99.8)	(164.4)
Net amortization and deferral	45.5	68.1	113.6
Postretirement benefit cost	$252.9	$ 6.0	$ 258.9

The following table sets forth the plans' funded status and the amount recognized in the Company's Supplemental Consolidated Balance Sheet as of December 31, 1991:

	Health	Life Insurance	Total
	(Dollars in Millions)		
Accumulated postretirement benefit obligation attributable to:			
Retirees	$1,814.2	$208.5	$2,022.7
Fully eligible plan participants	297.3	53.6	350.9
Other active plan participants	983.8	169.7	1,153.5
Total accumulated postretirement benefit obligation	3,095.3	431.8	3,527.1
Fair value of plan assets	330.6	514.6	845.2
Accumulated postretirement benefit obligation in excess of (less than) plan assets	2,764.7	(82.8)	2,681.9
Unrecognized net gain (loss)	(153.9)	40.6	(113.3)
Unamortized prior service cost	(3.6)	—	(3.6)
Accrued (prepaid) postretirement benefit obligation	$2,607.2	$(42.2)	$2,565.0

The assumed discount rate used to measure the accumulated postretirement benefit obligation was 7.75% at December 31, 1991 and 8.0% at January 1, 1991. The assumed rate of future increases in compensation levels was 5.25% at December 31, 1991. The expected long-term rate of return on plan assets was 7.5% for 1991. The medical cost trend rate in 1991 was approximately 15.0%, grading down to an ultimate rate in 2003 of approximately 5.0%. The dental cost trend rate in 1991 and thereafter is approximately 4.0%. A one percentage point increase in the assumed health care cost trend rates for each future year would have increased the aggregate of the service and interest cost components of 1991 net periodic postretirement benefit cost by $44.5 million and would have increased the accumulated postretirement benefit obligation as of December 31, 1991 by $400.8 million.

Certain postretirement benefits other than pensions have been included in the labor negotiations described above, and such benefits have been modified from time to time. Additionally, the Company has amended the benefits under postretirement benefit plans maintained for its management employees. Expectations with respect to certain future amendments to the Company's postretirement benefit plans have been reflected in determining the Company's postretirement benefit cost under Statement No. 106.

During 1990 and 1989, the cost of postretirement health benefits was $179.5 million and $221.3 million, respectively. In addition, the Company recognized postretirement life insurance benefit cost of $3.9 million in 1990 and $9.7 million in 1989.

Savings Plans and Employee Stock Ownership Plans

The Company has established savings plans to provide opportunities for eligible employees to save for retirement on a tax-deferred basis and encourage employees to acquire and maintain an equity interest in the Company. Under these plans, the Company matches a certain percentage of eligible employee contributions. In 1989, two leveraged employee stock ownership plans (ESOPs) were established and revisions were made to the existing employee savings plans, effective January 1, 1990, to require that the Company's matching contribution be invested in shares of the Company's common stock. The ESOPs are intended to take advantage of tax incentives and provide the opportunity for the Company to improve cash flow by allocating appreciated common stock from the ESOP trusts to satisfy a substantial portion of its matching obligation, with the remaining obligation satisfied through additional Company contributions. The amount of common stock available for allocation from the ESOP trusts is based on the proportion of principal and interest paid on ESOP debt in a year to the remaining principal and interest due over the term of the debt.

The ESOP trusts were initially funded by the issuance of $790.0 million in ESOP Senior Notes at an annual interest rate of 8.25%. The ESOP Senior Notes are payable in semiannual installments, which began on January 1, 1990 and end in the year 2000. The ESOP trusts will repay the notes, including interest, with funds from the Company's contributions to the ESOP trusts, as well as dividends received on unallocated shares of common stock, and interest earned on the cash balances of the ESOP trusts.

Total ESOP cost and trust activity consists of the following:

	Years Ended December 31,	
	1991	1990
	(Dollars in Millions)	
Compensation	$ 39.7	$ 28.9
Interest incurred	61.3	64.4
Dividends	(37.6)	(37.9)
Other trust earnings and expenses, net	(.1)	(.5)
Net leveraged ESOP cost	63.3	54.9
Additional ESOP cost	27.5	33.1
Total ESOP cost	$ 90.8	$ 88.0
Dividends received for debt service	$ 42.2	$ 52.8
Total company contributions to trusts	$ 92.2	$ 75.7

Due to the issuance of the ESOP Senior Notes and the purchase of shares of common stock prior to January 1, 1990, the Company incurred net leveraged ESOP cost of $6.3 million in 1989.

BELL ATLANTIC - NSG
CASH CONTRIBUTIONS
[MEDICAL, DENTAL, MEDICARE PART B, 401(h)]
1987-1994

BELL ATLANTIC MEDICAL TRUST	MGMT. & ASSOC.		MANAGEMENT					
	1987	1988	1989	1990	1991	1992	1993	1994
PA		24,455,380	28,976,604	12,437,722	18,795,938	19,872,691	15,170,959	11,221,652
DE		1,294,735	1,600,025	525,211	963,709	1,154,818	919,859	696,385
NJ		18,964,867	22,086,961	8,839,119	15,757,594	21,370,796	15,993,722	11,703,999
NSI		523,544	821,896	1,162,930	1,903,366	48,681,543	39,272,407	31,270,514
DC		4,441,754	4,764,722	1,792,960	3,496,124	3,267,885	2,678,820	2,008,660
MD		11,117,594	12,446,799	4,782,099	8,644,913	9,654,780	7,631,255	5,624,499
VA		9,862,506	9,821,353	3,199,280	7,096,050	8,640,232	6,770,511	4,983,869
WVA		3,374,637	3,598,734	1,219,601	2,980,458	2,809,081	2,210,876	1,625,208
TOTAL	See note 6.	74,035,017	84,117,094	33,958,922	59,638,152	115,451,826	90,648,408	69,134,786

BELL ATLANTIC RETIREE HEALTH TRUST			ASSOCIATES					
	1987	1988	1989	1990	1991	1992	1993	1994
PA	[redacted]		39,532,550	39,504,815	36,753,221	48,689,777	49,908,944	41,993,761
DE			2,435,654	2,431,758	2,550,130	2,927,166	2,992,657	2,530,312
NJ			41,255,675	40,312,800	37,104,388	49,444,845	50,341,234	41,965,438
NSI			1,771,385	1,631,507	1,502,826	2,066,112	2,188,857	1,826,903
DC			7,422,908	7,408,233	7,277,120	9,762,227	9,934,050	8,237,891
MD			25,273,385	24,321,835	22,140,282	29,536,932	30,295,471	25,534,591
VA			23,111,803	22,172,174	20,197,849	26,427,485	27,156,045	22,899,258
WVA			7,581,381	7,061,068	6,212,132	8,704,623	9,023,331	7,641,846
TOTAL			148,384,741	144,844,190	133,737,948	177,559,167	181,840,589	152,630,000

1. 1992 management contributions include a 401(h) contribution of $30,667,000.
2. 1991 - In addition to Medical and Retiree Health Trust costs, the company recognized $108.6 million related to actuarially determined accrued amounts prior to adoption of SFAS - 106.
3. 1990 - In addition to Medical and Retiree Health Trust costs, the company contributed $3,991,302 towards the provisioning of retiree life insurance benefits. No cash costs for retiree life insurance have been incurred by the company since this contribution.
4. 1988 - 1993 contributions include Medicare Part B payments that were paid from company assets.
5. 1988-1989 BA Medical Trust contributions included amounts for management and associate claims. The Bell Atlantic Retiree Retiree Health Trust was established on November 30, 1989. Effective January 1, 1990, health benefit payments on behalf of retired management and associate employees were paid out of the Bell Atlantic Medical and Retiree Health Trusts, respectively.
6. The total 12/31/87 contribution to the Bell Atlantic Medical Trust of $47,837,516 was not segregated between active and retirees

BELL ATLANTIC

EXHIBIT 20-1-A

WORKPAPER 19	TOTAL SFAS COST
WORKPAPER 20	INCREMENTAL COST
WORKPAPER 21	INCREMENTAL EXPENSES AND CAPITAL INVESTMENT
WORKPAPER 22	INCREMENTAL SUBJECT TO SEPARATIONS EXPENSES
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POSTRETIREMENT BENEFITS OTHER THAN PENSIONS (OPEB)
1991 TOTAL SFAS COST
($000)

	MAIN ACCOUNT	ACTUARIAL STUDY	DC	MD	VA	WV	DS	NJ	PA
SERVICE COST	Expense Matrix	55,500	3,125	9,035	8,075	2,797	1,038	15,867	15,562
INTEREST	6728	247,700	13,946	40,326	36,040	12,484	4,632	70,817	69,455
RETURN	6728	49,800	2,804	8,107	7,246	2,510	931	14,238	13,984
AMORT. OF TBO	6728	150,000	8,445	24,420	21,825	7,560	2,805	42,885	42,060
BA TOTAL (Line 1+2-3+4)	XXX	403,400	22,711	65,674	58,695	20,331	7,544	115,332	113,113

POSTRETIREMENT BENEFITS OTHER THAN PENSIONS (OPEB)
1991 INCREMENTAL COST
($000)

		DC	MD	VA	WV	DS	NJ	PA	NOTE 1 BA
1	Total SFAS 106 Costs (Company Accounting Records)	22,711	65,674	58,695	20,331	7,544	115,332	113,113	403,400
2.	Pay-As-You-Go Amounts And Previously Recognized Amounts (Company Accounting Records) (Note 2)	17,003	49,166	43,941	15,221	5,647	86,342	84,681	302,001
3.	Incremental Costs (Line 1 - Line 2)	5,708	16,508	14,754	5,110	1,897	28,990	28,432	101,399

NOTE 1: Bell Atlantic is the sum of the jurisdictions.

NOTE 2: Includes pay-as-you-go amounts and actuarially determined accrued amounts.

POSTRETIREMENT BENEFITS OTHER THAN PENSIONS (OPEB)
1991 INCREMENTAL EXPENSES AND CAPITAL INVESTMENT
($000)

	DC	MD	VA	WV	DS	NJ	PA	NOTE 1 BA
1. Incremental Costs (WP 6-20, Line 3)	5,708	16,508	14,754	5,110	1,897	28,990	28,432	101,399
2. Expense Ratio (Company Accounting Records)	96.80%	96.80%	96.80%	96.80%	96.80%	96.80%	96.80%	96.80%
3. Incremental Expenses (Line 1 * Line 2)	5,525	15,980	14,282	4,946	1,836	28,062	27,522	98,153
4 Incremental Capital Investment (Line 1 - Line 3)	183	528	472	164	61	928	910	3,246

NOTE 1: Bell Atlantic is the sum of the jurisdictions.

POSTRETIREMENT BENEFITS OTHER THAN PENSIONS (OPEB)
1991 INCREMENTAL SUBJECT TO SEPARATIONS EXPENSES
($000)

	DC	MD	VA	WV	DS	NJ	PA	NOTE 1 BA
1. Incremental Expenses Total Company (WP 6-21, Line 3)	5,525	15,980	14,282	4,946	1,836	28,062	27,522	98,153
2. Total Operating Expenses Total Company (FCC Report 43-01 3rd Qtr 1991 Row 1190)	304,241	943,504	920,270	291,151	118,761	1,665,655	1,624,083	5,867,665
3. Depreciation/Amortization Total Company (FCC Report 43-01 3rd Qtr 1991 Row 1180)	76,029	237,223	252,257	85,794	31,505	425,430	408,458	1,516,696
4. Total Expense Less Depreciation Total Company (Line 2 - Line 3)	228,212	706,281	668,013	205,357	87,256	1,240,225	1,215,625	4,350,969
5. Total Operating Expenses Subject to Separations (FCC Report 43-01 3rd Qtr 1991 Row 1190)	258,898	835,070	821,298	271,505	106,344	1,496,918	1,460,440	5,250,473
6. Depreciation/Amortization Subject to Separations (FCC Report 43-01 3rd Qtr 1991 Row 1180)	73,582	234,465	250,888	85,521	31,390	421,092	403,470	1,500,408
7. Total Expense Less Depreciation Subject to Separations (Line 5 - Line 6)	185,316	600,605	570,410	185,984	74,954	1,075,826	1,056,970	3,750,065
8. % Subject to Separations (Line 7 / Line 4)	81.20%	85.04%	85.39%	90.57%	85.90%	86.74%	86.95%	86.19%
9. Incremental Expenses Subject to Separations (Line 1 * Line 8)	4,486	13,589	12,195	4,480	1,577	24,341	23,930	84,598

NOTE 1: Bell Atlantic is the sum of the jurisdictions.

POSTRETIREMENT BENEFITS OTHER THAN PENSIONS (OPEB)
1991 INCREMENTAL SUBJECT TO SEPARATIONS CAPITAL
($000)

	DC	MD	VA	WV	DS	NJ	PA	NOTE 1 BA
1. Incremental Capital Total Company (WP 6-21, Line 4)	183	528	472	164	61	928	910	3,246
2. Total Plant In Service Total Company (FCC Report 43-01 3rd Qtr 1991 Row 1690)	1,394,767	4,919,216	4,849,293	1,481,543	653,442	8,122,764	8,529,708	29,950,733
3. Total Plant In Service Subject to Separations (FCC Report 43-01 3rd Qtr 1991 Row 1690)	1,339,982	4,777,784	4,753,539	1,465,285	637,692	7,977,875	8,342,005	29,294,162
4. % Subject to Separations (Line 3 / Line 2)	96.07%	97.12%	98.03%	98.90%	97.59%	98.22%	97.80%	97.81%
5. Incremental Capital Subject to Separations (Line 1 * Line 4)	176	513	463	162	60	911	890	3,175

NOTE 1: Bell Atlantic is the sum of the jurisdictions.

POSTRETIREMENT BENEFITS OTHER THAN PENSIONS (OPEB)
1991 INCREMENTAL INTERSTATE EXPENSES
($000)

	DC	MD	VA	WV	DS	NJ	PA	NOTE 1 BA
1. Incremental Expenses Subject to Separations (WP 6-22, Line 9)	4,486	13,589	12,195	4,480	1,577	24,341	23,930	84,598
2. Total Operating Expenses Subject to Separations (FCC Report 43-01 3rd Qtr 1991 Row 1190)	258,898	835,070	821,298	271,505	106,344	1,496,918	1,460,440	5,250,473
3. Depreciation/Amortization Subject to Separations (FCC Report 43-01 3rd Qtr 1991 Row 1180)	73,582	234,465	250,888	85,521	31,390	421,092	403,470	1,500,408
4. Total Expense Less Depreciation Subject to Separations (Line 2 - Line 3)	185,316	600,605	570,410	185,984	74,954	1,075,826	1,056,970	3,750,065
5. Total Operating Expenses Interstate (FCC Report 43-01 3rd Qtr 1991 Row 1190)	78,277	189,618	203,406	70,391	33,932	404,063	333,282	1,312,949
6. Depreciation/Amortization Interstate (FCC Report 43-01 3rd Qtr 1991 Row 1180)	23,666	55,752	67,030	23,369	9,903	124,364	98,486	402,570
7. Total Expense Less Depreciation Interstate (Line 5 - Line 6)	54,611	133,866	136,376	47,022	24,029	279,699	234,776	910,379
8. % Interstate (Line 7 / Line 4)	29.47%	22.29%	23.91%	25.28%	32.06%	26.00%	22.21%	24.28%
9. Incremental Expenses Interstate (Line 1 * Line 8)	1,322	3,029	2,916	1,133	506	6,329	5,315	20,550

NOTE 1: Bell Atlantic is the sum of the jurisdictions.

BELL ATLANTIC

Workpaper 6-25

POSTRETIREMENT BENEFITS OTHER THAN PENSIONS (OPEB)
1991 INCREMENTAL INTERSTATE CAPITAL
($000)

	DC	MD	VA	WV	DS	NJ	PA	NOTE 1 BA
1. Incremental Capital Subject to Separations (WP 6-23, Line 5)	176	513	463	162	60	911	890	3,175
2. Total Plant In Service (TPIS) Subject to Separations (FCC Report 43-01 3rd Qtr 1991 Row 1690)	1,339,982	4,777,784	4,753,539	1,465,285	637,692	7,977,875	8,342,005	29,294,162
3. Total Plant In Service Interstate (FCC Report 43-01 3rd Qtr 1991 Row 1690)	430,582	1,133,735	1,246,928	395,628	199,135	2,314,870	2,031,611	7,752,489
4. % Interstate (Line 3 / Line 2)	32.13%	23.73%	26.23%	27.00%	31.23%	29.02%	24.35%	26.46%
5. Incremental Capital Interstate (Line 1 * Line 4)	57	122	121	44	19	264	217	844
6. Average TPIS (Line 5 / 2)	29	61	61	22	10	132	109	422

NOTE 1: Bell Atlantic is the sum of the jurisdictions.

BELL ATLANTIC

Workpaper 6-26

POSTRETIREMENT BENEFITS OTHER THAN PENSIONS (OPEB)
1991 INCREMENTAL INTERSTATE DEPRECIATION EXPENSE
($000)

	DC	MD	VA	WV	DS	NJ	PA	NOTE 1 BA
1. Incremental Capital Interstate (WP 6-25, Line 5)	57	122	121	44	19	264	217	844
2. Total Plant In Service Interstate (FCC Report 43-01 3rd Qtr 1991 Row 1690)	430,582	1,133,735	1,246,928	395,628	199,135	2,314,870	2,031,611	7,752,489
3. Depreciation/Amortization Interstate As of 3rd Qtr 1991 (FCC Report 43-01 3rd Qtr 1991 Row 1180)	23,666	55,752	67,030	23,369	9,903	124,364	98,486	402,570
4. Annual Depreciation Rate ((Line 3 * 4/3) / Line 2)	7.33%	6.56%	7.17%	7.88%	6.63%	7.16%	6.46%	6.92%
5. Incremental Depreciation Expense (Line 4 * Line 1)	4	8	9	3	1	19	14	58

NOTE 1: Bell Atlantic is the sum of the jurisdictions.

POSTRETIREMENT BENEFITS OTHER THAN PENSIONS (OPEB)
1991 INCREMENTAL DEFERRED TAXES - STATE
($000)

	DC	MD	VA	WV	DS	NJ	PA	NOTE 1 BA
1. Incremental OPEB Interstate Expenses (WP 6-24, Line 9)	1,322	3,029	2,916	1,133	506	6,329	5,315	20,550
2. Incremental OPEB Interstate Depreciation Expense (WP 6-26, Line 5)	4	8	9	3	1	19	14	58
3. Total Interstate Expenses not Recognized for Tax Purposes (Line 1 + Line 2)	1,326	3,037	2,925	1,136	507	6,348	5,329	20,608
4. Applicable State Tax Rates	10.290%	2.400%	6.000%	9.225%	8.700%	0.000%	12.250%	5.760%
5. State Deferred Taxes (Line 3 * Line 4)	136	73	176	105	44	0	653	1,187
6. Averaged Deferred Tax Balance (Line 5 / 2)	68	37	88	53	22	0	327	595

NOTE 1: Bell Atlantic is the sum of the jurisdictions.

POSTRETIREMENT BENEFITS OTHER THAN PENSIONS (OPEB)
1991 INCREMENTAL DEFERRED TAXES - FIT
($000)

	DC	MD	VA	WV	DS	NJ	PA	NOTE 1 BA
1. Incremental OPEB Interstate Expenses (WP 6-24, Line 9)	1,322	3,029	2,916	1,133	506	6,329	5,315	20,550
2. Incremental OPEB Interstate Depreciation Expense (WP 6-26, Line 5)	4	8	9	3	1	19	14	58
3. State Income Taxes not Recognized for Tax Purposes (WP 6-27, Line 5)	136	73	176	105	44	0	653	1,187
4. Total Interstate Expenses not Recognized for FIT Purposes (Line 1 + Line 2 - Line 3)	1,190	2,964	2,749	1,031	463	6,348	4,676	19,421
5. Applicable FIT Rate	34.00%	34.00%	34.00%	34.00%	34.00%	34.00%	34.00%	34.00%
6. FIT Deferred Taxes (Line 4 * Line 5)	405	1,008	935	351	157	2,158	1,590	6,604
7. Averaged Deferred Tax Balance (Line 6 / 2)	203	504	468	176	79	1,079	795	3,304

NOTE 1: Bell Atlantic is the sum of the jurisdictions.

Workpaper 6–29

POSTRETIREMENT BENEFITS OTHER THAN PENSIONS (OPEB)
1991 INCREMENTAL UNFUNDED LIABILITY
($000)

	DC	MD	VA	WV	DS	NJ	PA	NOTE 1 BA
1. Incremental Unfunded Liability (WP 6-20, Line 3)	5,708	16,508	14,754	5,110	1,897	28,990	28,432	101,399
2. Total Operating Expenses Total Company (FCC Report 43-01 3rd Qtr 1991 Row 1190)	304,241	943,504	920,270	291,151	118,761	1,665,655	1,624,083	5,867,665
3. Depreciation/Amortization Total Company (FCC Report 43-01 3rd Qtr 1991 Row 1180)	76,029	237,223	252,257	85,794	31,505	425,430	408,458	1,516,696
4. Total Expense Less Depreciation Total Company (Line 2 - Line 3)	228,212	706,281	668,013	205,357	87,256	1,240,225	1,215,625	4,350,969
5. Total Operating Expenses Interstate (FCC Report 43-01 3rd Qtr 1991 Row 1190)	78,277	189,618	203,406	70,391	33,932	404,063	333,262	1,312,949
6. Depreciation/Amortization Interstate (FCC Report 43-01 3rd Qtr 1991 Row 1180)	23,666	55,752	67,030	23,369	9,903	124,364	98,486	402,570
7. Total Expense Less Depreciation Interstate (Line 5 - Line 6)	54,611	133,866	136,376	47,022	24,029	279,699	234,776	910,379
8. % Interstate (Line 7 / Line 4)	23.93%	18.95%	20.42%	22.90%	27.54%	22.55%	19.31%	20.92%
9. Incremental Unfunded Liability Allocated to Interstate (Line 1 * Line 8)	1,366	3,128	3,013	1,170	522	6,537	5,490	21,226

NOTE 1: Bell Atlantic is the sum of the jurisdictions.

BELL ATLANTIC

INCREMENTAL INTERSTATE REVENUE REQUIREMENT CALCULATION FOR OTHER POST RETIREMENT EMPLOYMENT BENEFITS (OPEB) FOR 1991 ($000)

	DC	MD	VA	WV	DS	NJ	PA	NOTE 1 BA
1. Expenses Less Depreciation (WP 6-24, Ln 9)	1,322	3,029	2,916	1,133	506	6,329	5,315	20,550
2. Depreciation Expenses (WP 6-28, Ln 5)	4	8	9	3	1	19	14	58
3. State Income Taxes (Line 4 * Tax Rate/(1 - Tax Rate))	(5)	(3)	(6)	(4)	(2)	0	(24)	(44)
4. Net Return (Line 12 * 11.25%)	(43)	(109)	(101)	(38)	(17)	(233)	(171)	(712)
5. F. I. T. (Line 4 * 34%/(1-34%))	(22)	(56)	(52)	(20)	(9)	(120)	(88)	(367)
6. Revenue Requirement (Sum of Lines 1 through 5)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
7. Total Plant In Service (WP 6-25, Ln 6)	29	61	61	22	10	132	109	424
8. Accumulated Depreciation (Ln 2 / 2)	2	4	5	2	1	10	7	31
9. Accumulated Deferred State Taxes (WP 6-27, Ln 6)	68	37	88	53	22	0	327	595
10. Accumulated Deferred FIT (WP 6-28, Ln 7)	203	504	468	176	79	1,079	795	3,304
11. Unfunded Liability (WP 6-29, Ln 9 / 2)	683	1,564	1,507	585	261	3,269	2,745	10,614
12. Net Rate Base (Lines 7 - 8 + 9 + 10 - 11)	(385)	(966)	(895)	(336)	(151)	(2,068)	(1,521)	(6,322)

NOTE 1: Bell Atlantic is the sum of the jurisdictions.

BELL ATLANTIC

Workpaper 6-31

GNP-PI IMPACT
OTHER POST RETIREMENT EMPLOYMENT BENEFITS (OPEB)

		SOURCE	AMOUNT
1.	TOTAL INTERSTATE REVENUES	ARMIS 43-04, Submission 05, Row 4050, col d for 1990 data	2,709,417
2.	END USER REVENUES	ARMIS 43-04, Submission 05, Row 4010, col d for 1990 data	719,309
3.	INTERSTATE REVENUES LESS ENDUSER REVENUE	LINE 1 - LINE 2	1,990,108
4.	GNP-PI IMPACT	Study	0.0124%
5.	GNP-PI IMPACT	LINE 3 * LINE 4	247

BELL ATLANTIC

Workpaper 6-32

IMPACT OF BILLING & COLLECTING AND GNP-PI ON REVENUE REQUIREMENT
OTHER POST RETIREMENT EMPLOYMENT BENEFITS (OPEB)

		SOURCE	AMOUNT
1.	REVENUE REQUIREMENT	Workpaper 6-30, LN 6	19,485
2.	TOTAL INTERSTATE OPERATING EXPENSES	FCC Report 43-01, Row 1190, 1991	1,825,952
3.	BILLING & COLLECTING INTERSTATE EXPENSES	FCC Report 43-01, Row 1190, 1991	32,209
4.	PERCENT B&C EXPENSES TO INTERSTATE	LN 3 / LN 2	0.0176
5.	BILLING & COLLECTING REVENUE REQUIREMENT	LN 4 * LN 1	344
6.	GNP-PI IMPACT	Workpaper 6-31, LN 5	247
7	REVENUE REQUIREMENT NET OF GNP-PI IMPACT AND BILLING AND COLLECTING	LINE 1 - LINE 5 - LINE 6	18,894

TOTAL EXOGENOUS COST
DISTRIBUTION OF OTHER POST RETIREMENT EMPLOYMENT BENEFITS (OPEB)
($000)

		SOURCE	TOTAL INTERSTATE ACCESS (COL A)	COMMON LINE (COL B)	TRAFFIC SENSITIVE (COL C)	TRUNKING (COL D)	INTER-EXCHANGE (COL E)
1.	INTERSTATE TOTAL EXOGENOUS COST AMOUNT	WP 6-32, LN 7	18,894	7,938	3,752	6,913	291
2.	TOTAL OPERATING EXPENSES	FCC REPORT 43-01, ROW 1190, 1991	1,793,742	753,500	356,185	656,248	27,809
3.	PERCENT EXPENSES TO INTERSTATE	NOTE 1	100.00%	42.01%	19.86%	36.59%	1.54%

NOTE 1: INTERSTATE = LINE 2 INTERSTATE / LINE 2 INTERSTATE
COMMON LINE = LINE 2 COMMON LINE / LINE 2 INTERSTATE
TRAFFIC SENSITIVE = LINE 2 TRAFFIC SENSITIVE / LINE 2 INTERSTATE
TRUNKING = LINE 2 TRUNKING / LINE 2 INTERSTATE
INTEREXCHANGE = LINE 2 INTEREXCHANGE / LINE 2 INTERSTATE

Exhibit 21-4-A

BELL ATLANTIC CORPORATION

ACTUARIAL REPORT
FOR THE 1989 CONTRIBUTION

THE BELL ATLANTIC
RETIREE HEALTH TRUST

ACTUARIAL SCIENCES ASSOCIATES INC.

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THE BELL ATLANTIC RETIREE HEALTH TRUST

I. INTRODUCTION

This report is the initial Actuarial Report for the Bell Atlantic Retiree Health Trust (the "Trust"). The Trust was established in 1989 as a result of the 1989 collective bargaining agreements between Bell Atlantic Network Services Group Companies (the "Company") and the Communication Workers of America (CWA) and the International Brotherhood of Electrical Workers (IBEW). The purpose of the Trust is to provide a vehicle for the Company to advance fund on a tax favorable basis postretirement medical and dental benefits payable beginning in 1990 on behalf of current and future Non-Management retirees, and their eligible dependents. (Company reimbursement of Medicare Part B premiums is not funded through the Trust.)

The primary purposes of advance funding are: (1) to allocate the costs of the benefits on a rational and systematic basis to the period in which the participants provide services to customers, (2) to help provide security for the participants by making receipt of the benefits less dependent on what happens to the Company, (3) to assure investors that provision is being made to meet the future benefit liability, and (4) to reduce the long term cost of providing the benefits through the tax-exempt growth of Trust assets.

The 1989 contribution developed in Exhibit I was calculated based on the census for active employees and all service and disability retirees as of January 1, 1989. The claim costs were based on 1987 and 1988 actual claim experience. The contribution for 1989, which includes an interest adjustment to reflect the contribution date of November 30, 1989, is as follows:

	Contribution
Medical Expense Plan	$117,536,000
Dental Expense Plan	19,459,000
Total	$136,995,000

BELL ATLANTIC CORPORATION

ACTUARIAL REPORT FOR THE 1989 CONTRIBUTION

THE BELL ATLANTIC RETIREE HEALTH TRUST

II. COLLECTIVE BARGAINING AGREEMENTS

As a result of the bargaining agreements, a bargained-for trust to help fund postretirement medical and dental benefits for future and existing Non-Management retirees and their dependents was established. The retirees include all participants with a service or disability pension under the Bell Atlantic Pension Plan from any of the bargaining units or unrepresented non-management groups in the Company. The Trust will be used exclusively to pay postretirement health benefits and administrative costs of the Trust.

The bargaining agreements amended postretirement medical coverage under the Medical Expense Plan by introducing limitations on the annual Company cost per retiree. The annual Company cost per retiree for participants who retire on or after January 1, 1990 will not exceed the amounts ("Caps") below:

Category 1	Under Age 65
Single Coverage	$ 2,850
Family Coverage	$ 4,860
Category 2	Age 65 or Over
Single Coverage	$ 670
Family Coverage	$ 1,660

Participants who retire after 1989 will share in the cost to the extent that the average incurred claims exceed the amounts in their category, Category 1 or Category 2 above, whichever is appropriate. However, the cost sharing by such participants will not occur until the later of (1) 1993 or (2) the year after 1993 in which projected aggregate claims exceed the aggregate Company cost limits of Categories 1 and 2 combined. The projected aggregate claims are to be determined pursuant to the methodology contained in the bargaining agreements.

Other changes to the Medical Expense Plan for participants who retire after 1989 include extending the $150 deductible to be applicable to hospital services and establishing Managed Care Networks. The purpose of the Networks is to help the Company and participants manage the rising cost of health care.

ACTUARIAL SCIENCES ASSOCIATES INC.

BELL ATLANTIC CORPORATION

ACTUARIAL REPORT FOR THE 1989 CONTRIBUTION

THE BELL ATLANTIC RETIREE HEALTH TRUST

II. COLLECTIVE BARGAINING AGREEMENT (continued)

An Advisory Committee will make recommendations with respect to the hospitals, physicians and specialists for each Network based on their quality of care and willingness to control charges to the Company and the participants.

In addition, several changes were made to the Medical Expense Plan for all current and future retirees. A $50 monthly premium will be charged for Class II dependents added to the Plan after 1989. A Mail Order Prescription Drug Program is being introduced with an $8 copayment charge for each prescription.

The bargaining agreements also made enhancements to the Dental Expense Plan including an average 20% increase in the fee schedules under Type B services. The annual maximum under the plan increased from $750 to $1,000 and the lifetime orthodontia maximum increased from $750 to $1,500. These changes are applicable to all retirees who retire after 1989 and their eligible dependents. The agreement also introduced a Dental Maintenance Organization option beginning January 1, 1991.

III. ACTUARIAL COST METHOD

An actuarial cost method is a rational and systematic method under which the cost of postretirement benefits is allocated over the participants' working lifetimes. There are strong parallels between the methods used to allocate the cost of postretirement health benefits and those used for pension plans.

The actuarial cost method used to determine the 1989 contribution to the Trust is the Aggregate Cost Method. The basic rationale of this method is to contribute a level dollar amount each year for each active participant during their remaining working lives such that future contributions plus future investment earnings are predicted to be just sufficient to pay all future benefits expected to become payable to service and disability retirees and their dependents.

BELL ATLANTIC CORPORATION

ACTUARIAL REPORT FOR THE 1989 CONTRIBUTION

THE BELL ATLANTIC RETIREE HEALTH TRUST

III. ACTUARIAL COST METHOD (Continued)

A brief description of the valuation process is as follows. First the average claim costs for a particular calendar year are determined from actual claim experience. These claim costs are modified as necessary to take into consideration any changes in benefit provisions not fully reflected in the actual claim experience. The claim costs are then projected into the future to reflect anticipated rising costs of health care. The present value of future benefit payments to current and future service and disability retirees (other than benefit payments to be provided by participant contributions) is then determined as of the valuation date of January 1, 1989. The actuarial value of plan assets is subtracted from the present value of future benefits. This difference represents the value of obligations that are not yet funded. Next, the cost applicable to 1989 to pay for these as-yet unfunded future benefits is determined based on the actual number of active participants as of the valuation date. Finally, an interest adjustment to reflect the actual date of payment during 1989 is made. The development of the contribution is shown on Exhibit I.

IV. ACTUARIAL VALUE OF ASSETS

As the Trust was only established on November 30, 1989, there were no plan assets as of January 1, 1989.

V. ASSUMPTIONS AS TO FUTURE EXPERIENCE

In order to determine the contribution, it is necessary to calculate the present value of estimated medical claim costs that will be incurred by current and future retirees. To make these calculations, experience is analyzed and actuarial assumptions are developed. These assumptions include average claim costs per retiree, health care cost trend rates, actuarial earnings rates of return, and rates of separation, mortality, disability and retirement. The assumptions underlying the determination of the contribution for 1989 are summarized in Exhibits II and III and Tables 1 through 7.

BELL ATLANTIC CORPORATION

ACTUARIAL REPORT FOR THE 1989 CONTRIBUTION

THE BELL ATLANTIC RETIREE HEALTH TRUST

V. ASSUMPTIONS AS TO FUTURE EXPERIENCE (Continued)

While it is not to be expected that any of the assumptions will prove to agree exactly with future experience, it is believed that the resulting accrual rate used to develop the contribution is reasonably accurate. The accuracy of the accrual rate is the test of the appropriateness of the actuarial assumptions. The assumptions have been developed so that each assumption is reasonable and represents the best estimate of anticipated experience under the plan.

Annual redetermination of the accrual rate provides a means whereby continual adjustment will be made for the deviation of actual from assumed experience. The spreading of such adjustment over the remaining future service of present participants will minimize the magnitude of fluctuations in the accrual rate due to accumulated unrecognized effects.

VI. HEALTH CARE COST TREND RATES

Exhibit II outlines the calendar year specific health care cost trend rate assumptions for the medical and dental benefits, as used in the valuation. The trend rate assumptions, which reflect incidence of anticipated rising costs due to medical or dental inflation, increasing utilization and other factors, are applied to average 1988 incurred claim costs in order to estimate future average incurred claim costs. The medical cost trend rate assumptions are 14.00% for the first three years (1989 through 1991) declining to an ultimate rate of 5.00% in 2003. For participants who retire after December 31, 1989, the trend rates only apply through 1992 after which the Caps are anticipated to go into effect.

The dental trend rate assumptions consist of two components, one for Type A services and another for Type B services. Type B services consist of the more expensive dental care services and are based on fixed fee schedules. The average incurred claims for Type B services are not expected to increase from year to year as much as those for the Type A services. Thus, the trend rate assumptions for Type B services are lower.

BELL ATLANTIC CORPORATION

ACTUARIAL REPORT FOR THE 1989 CONTRIBUTION

THE BELL ATLANTIC RETIREE HEALTH TRUST

VI. HEALTH CARE COST TREND RATES (Continued)

For participants who retired prior to January 1, 1990, the total dental cost trend rate assumption is constant at 4.00% per year. For participants expected to retire after December 31, 1989, the trend rate assumptions are lower, at 4.00% for three years and 3.75% thereafter because of the increases in Type B services negotiated in 1989 and because the trend rate assumptions for Type B services are lower than for Type A services.

VII. CLAIM COSTS

The initial 1988 per retiree incurred claim costs are an essential input to the valuation. These claim costs were compiled from actual 1987 claim experience for all Management and Non-Management Medical and Dental Expense Plan retirees. The actual claim experience was provided by Bell Atlantic with respect to New Jersey Bell and by Blue Cross/Blue Shield of the National Capital Area with respect to the other companies. The following adjustments were made to the claim experience.

(1) The 1987 incurred claim experience was adjusted on an estimated basis to reflect 1987 incurred claims not yet paid as of June 30, 1988 but expected to be paid after that date.

(2) The claims were adjusted to reflect carrier expenses and the experience of retirees participating in HMO's.

(3) The claims were adjusted so as to be on a 1988 incurred basis. This adjustment was made based on an analysis of claims paid in 1987 and in 1988.

(4) The incurred claims were adjusted for changes in benefit provisions not fully reflected in actual claim experience.

(5) Average incurred claims per retiree were determined from the adjusted incurred claims and from the life counts taken from the retiree census data as of January 1, 1988 and January 1, 1989.

BELL ATLANTIC CORPORATION

ACTUARIAL REPORT FOR THE 1989 CONTRIBUTION

THE BELL ATLANTIC RETIREE HEALTH TRUST

VII. CLAIM COSTS (Continued)

For participants who retired prior to January 1, 1990, the average 1988 incurred claim costs per retiree shown in Exhibit III are broken down by age group and sex to reflect any differences in claim experience by age and sex and also to reflect the fact that dependency and therefore dependent claims per retiree vary significantly both by age and sex. Average claim costs per retiree which vary by age and sex are also appropriate to reflect differences in sex composition between retirees and actives.

Due to the nature of the Caps, the average medical incurred claim costs for participants expected to retire after December 31, 1989 were aggregated to incurred claim costs for retirees under age 65 and for those age 65 and over. The aggregate 1988 medical claim costs per retiree are as follows:

Under Age 65	$2,919
Age 65 & over	$1,144

For years following 1988, the average incurred claims per retiree were adjusted by the health care cost trend rates and were reduced on a calendar year basis to reflect the provisions of the Medicare Catastrophic Coverage Act of 1988. The Medicare adjustment is explained below under Section X, Medicare.

VIII. PLAN PROVISIONS

The postretirement eligibility provisions for medical and dental coverage are described in Appendix A. The benefit provisions of the Medical Expense Plan and the Dental Expense Plan with respect to postretirement benefits are summarized in Appendices B and C, respectively.

The provisions of the Medical Expense Plan vary depending on when a participant retires as follows:

Date of Retirement

- Before 1987
- 1987, 1988 or 1989
- After 1989

BELL ATLANTIC CORPORATION

ACTUARIAL REPORT FOR THE 1989 CONTRIBUTION

THE BELL ATLANTIC RETIREE HEALTH TRUST

VIII. PLAN PROVISIONS (Continued)

For the purposes of this valuation, the postretirement provisions under the Dental Expense Plan vary depending on whether a participant retires before 1990 or after 1989.

The specific benefit improvements which were negotiated in 1989 are described above under Section II, Collective Bargaining Agreement.

Subsequent to the bargaining agreements, the Company extended the negotiated Dental Expense Plan improvements to participants who retired prior to 1990. These improvements are not reflected in this valuation but will be reflected in future valuations.

IX. CENSUS DATA

The valuation was based on census data as of January 1, 1989. The census data is summarized as follows:

	Number	Average Age	Average Service
Actives	52,308	41.1	16.7
Retirees			
Below Age 65	8,168	59.4	
Age 65 and Over	12,761	73.8	
Total	20,929	68.2	

The data for retirees is shown separately for those below age 65 and for those age 65 and over because the Medical Expense Plan benefits expected to be paid are significantly different between these two age groups due to the fact that Medicare covers most of the claims for those age 65 and over.

The data for dependents is not shown separately because the associated expected claims are included in the initial and future average expected claim costs per retiree.

X. MEDICARE

The medical benefits assumed to be provided in future years to individuals age 65 and over take into consideration certain coverage changes under the Plan as a result of the Medicare Catastrophic Coverage Act of 1988.

BELL ATLANTIC CORPORATION

ACTUARIAL REPORT FOR THE 1989 CONTRIBUTION

THE BELL ATLANTIC RETIREE HEALTH TRUST

X. MEDICARE (Continued)

Under this legislation, certain medical coverage will gradually shift from being provided by the Medical Expense Plan to being provided by Medicare. The transition period begins in 1989 and ends in 1993 with specific benefits shifting in specific years. The annual savings to the Medical Expense Plan per individual retiree age 65 or over for each calendar year are as follows:

1989	$ 57
1990	$142
1991	$247
1992	$300
1993	$383

For 1994 and later years, the annual savings assumed is that shown above for 1993, adjusted for medical inflation and increases in utilization anticipated for the period after 1993.

The valuation was completed prior to the passage of the Medicare Catastrophic Coverage Repeal Act of 1989. Subsequent actuarial valuations will reflect Medicare provisions in effect at that time.

XI. INTERNAL REVENUE SERVICE

The contribution determined in this report anticipates that the Internal Revenue Service considers that the Bell Atlantic collectively bargained welfare benefit fund is being maintained as a result of a bona fide collective bargaining agreement between the Company and the Unions and pursuant to Section 419 of the Internal Revenue Code and the associated Regulations.

Respectfully Submitted,

Thomas G. Bainbridge

Thomas G. Bainbridge, ASA, MAAA

December 22, 1989

EXHIBIT I

BELL ATLANTIC CORPORATION

DETERMINATION OF THE CONTRIBUTION FOR 1989
(000's omitted)#

		Medical	Dental	Total
1.	Present Value of Benefits*			
	Actives	$ 504,801	$124,169	$ 628,970
	Retirees	520,671	45,357	566,028
	Total	1,025,472	169,526	1,194,998
2.	Actuarial Value of Assets	- 0 -	- 0 -	- 0 -
3.	Present Value of Future Normal Costs = (1) - (2)	$1,025,472	$169,526	$1,194,998
4.	Present Value of Future Lives	487.537	487.537	487.537
5.	Normal Cost Accrual Rate Per Participant Per Year = [(3)/(4)]	$2,103	$ 348	$2,451
6.	Interest adjustment	$ 144	$ 24	$ 168
7.	Final 1989 Annual Accrual Rate	$2,247	$ 372	$2,619
8.	Active Life Count	52,308	52,308	52,308
9.	1989 Company Contribution	$117,536	$19,459	$136,995

Applicable to Items 1 through 4 and 9 only.

* Other than benefits to be provided by participant contributions.

ACTUARIAL SCIENCES ASSOCIATES INC.

EXHIBIT II

BELL ATLANTIC CORPORATION

ACTUARIAL EARNINGS RATE OF RETURN AND
HEALTH CARE COST TREND RATE ASSUMPTIONS

	Actuarial Earnings Return	Health Care Cost Trends: Medical	Health Care Cost Trends: Dental Pre 1990 Retirees	Health Care Cost Trends: Dental Post 1989 Retirees
1989	7.50%	14.00%	4.00%	4.00%
1990	7.25%	14.00%	and thereafter	4.00%
1991	7.00%	14.00%		4.00%
1992	6.75%	13.75%		3.75%
1993	6.50%	13.25%		and thereafter
1994	6.25%	12.75%		
1995	6.00%	12.00%		
1996	5.75%	11.00%		
1997	5.75%	9.50%		
1998	5.50%	8.00%		
1999	5.50%	7.00%		
2000	5.50%	6.25%		
2001	5.50%	5.75%		
2002	5.50%	5.25%		
2003 & later	5.50%	5.00%		

ACTUARIAL SCIENCES ASSOCIATES INC.

EXHIBIT III

BELL ATLANTIC CORPORATION

1988 CLAIM COSTS PER RETIREE
BY SEX AND QUINQUENNIAL AGE GROUP

	Medical		Dental Pre 1990 Retirees		Dental Post 1989 Retirees	
Age	Males	Females	Males	Females	Males	Females
< 45	$8,000	$10,000	$282	$252	$329	$294
45-49	3,375	4,500	276	246	322	287
50-54	3,250	2,250	269	239	314	279
55-59	3,375	2,400	263	221	307	258
60-64	3,580	2,590	259	201	302	235
65-69	2,250	1,050	247	179	288	209
70-74	1,550	1,030	238	166	278	194
75-79	1,475	960	229	151	267	176
80-84	1,400	900	224	142	261	166
85-89	1,300	890	204	141	238	165
90-94	1,300	910	180	137	210	160
> 94	1,350	950	142	135	166	158

Appendix A

BELL ATLANTIC CORPORATION

SUMMARY OF POSTRETIREMENT
PLAN ELIGIBILITY PROVISIONS

Retirement Eligibility

Age		Minimum Years of Service	Type of Retirement
65	and	10	Service Pension
60	and	15	Service Pension
55	and	20	Service Pension
50	and	25	Service Pension
Any Age	and	30	Service Pension
Any Age	and	15	Disability Pension

Dependent Eligibility

Under the Medical Expense Plan, there are three types of dependents who qualify for coverage, Class I and Class II dependents and sponsored children.

Class I Dependents include:

- spouses
- unmarried children under age 20, or under age 24 if full-time students, or at the end of the month in which student status is terminated if under age 24
- unmarried children, regardless of age, who are physically or mentally handicapped and fully dependent on the retiree for financial support

Class II Dependents are individuals who are dependent on the retiree for support and have lived with the retiree for at least six months and have total income including Social Security less than the stated maximum per year. This category includes unmarried children who are not Class I dependents, brothers and sisters, parents and grandparents and unmarried grandchildren.

A Sponsored Child is an unmarried child who is not eligible for coverage as a Class I or Class II dependent. Sponsored children can receive coverage if under age 24 regardless of income or residence. The retiree must pay the full cost of this coverage.

The Dental Expense Plan only covers Class I Dependents.

Appendix B

BELL ATLANTIC CORPORATION

SUMMARY OF MEDICAL EXPENSE PLAN PROVISIONS

I. For Pre-1/1/87 Non-Management Retirees

Type of Expense	The Plan Pays
HOSPITAL CARE	
Inpatient Services: Semiprivate room, board, and services including intensive care and cardiac units	100% for up to 120 days for each separate stay for most confinements (30 days for mental confinements.)
Private room (if hospital has only private rooms)	90% for up to 120 days for each separate stay for most confinements.
Outpatient Services Emergency Care	100% of the reasonable and customary charge if treatment is given: - within 72 hours after an accident or the onset of a sudden and serious illness; or - for minor surgery any time; - and for certain other diagnostic and treatment services.
Ambulatory Surgical Facility	100% of the facility charge.
Pre-Admission Testing	100% of the reasonable and customary charge for diagnostic laboratory services and x-ray examinations performed prior to surgery under an approved program.
SURGICAL CARE Surgery	95% of the reasonable and customary charge. The other 5%, up to 100% of the reasonable and customary charge, will be covered under "Other Covered Charges."

Appendix B

BELL ATLANTIC CORPORATION

SUMMARY OF MEDICAL EXPENSE PLAN PROVISIONS

Type of Expense	The Plan Pays
MEDICAL CARE Second Surgical Opinions Diagnostic X-Rays and Lab Tests (outside the hospital) Radiation Therapy Chemotherapy Electroshock Therapy Dialysis Treatment	100% of the reasonable and customary charge - subject to certain limitations.
Administration of Anesthesia In-Hospital Doctor's Visits In-Hospital Consultations	90% of the reasonable and customary charge - subject to certain limitations. The other 10%, up to 100% of the reasonable and customary charge, will be covered under "Other Covered Charges."
ALCOHOL TREATMENT PROGRAM FOR REHABILITATION	100% of charges for inpatient care if received in an approved program - up to 30 days for each separate stay. Benefits are limited to two stays and apply only to the retiree and Class I Dependents.
OTHER COVERED CHARGES in excess of the deductible (The deductible equals 1% of the annual pension benefit but not more than $150 or less than $25 per person per calendar year.)	80% of the reasonable and customary charges for most other covered expenses until "Other Covered Charges" total $5,000, then... 100% of any remaining covered expenses for the rest of that calendar year. For non-hospital psychiatric care, the Plan pays 50% of the reasonable and customary charges.

Appendix B

BELL ATLANTIC CORPORATION

SUMMARY OF MEDICAL EXPENSE PLAN PROVISIONS

Type of Expense	The Plan Pays
MAXIMUM BENEFITS UNDER "OTHER COVERED CHARGES"	$50,000 in lifetime benefits for the retiree during retirement and for each covered dependent. The first $3,500 of benefits each calendar year are not applied toward this maximum.
MAIL ORDER PRESCRIPTION DRUGS	100% of charges in excess of $8 for each prescription.

II. For Retirees between 1/1/87 and 12/31/89
Same as for Pre 1/1/87 Retirees, except:

HOSPITAL CARE

Inpatient Services: Semiprivate room, board, and services including critical care, intensive care and cardiac care units, and necessary supplies, tests and other care	100% for up to 120 days for each separate stay for most confinements with Pre-Admission Review (30 days for mental & nervous confinements). If Pre-Admission Review is not used: 0% if hospitalization was not medically necessary. 100% minus 1% of annual wages (maximum $250) if hospitalization was medically necessary.
Private room	100% if medically necessary. If not, only the charge for a semi-private room is covered.

Appendix B

BELL ATLANTIC CORPORATION

SUMMARY OF MEDICAL EXPENSE PLAN PROVISIONS

Type of Expense	The Plan Pays
SURGICAL CARE Surgery	100% of the UCR allowance for selected procedures when the Second Surgical Opinion or Outpatient Surgery Program is used. 95% of the UCR allowance for other surgeries. The other 5% of UCR will be covered under Other Covered Charges. 80% of the UCR allowance for a surgery that is part of the Second Surgical Opinion or Outpatient Surgery Program and the appropriate program is not used. The other 20% will not be covered under Other Covered Charges.

III. For Post 12/31/89 Retirees
Same as for Retirees between 1/1/87 and 12/31/89 except:

The deductible has been changed to include hospital care.

Starting in 1993, the benefits are subject to employer cost caps as follows:

	Under Age 65	Age 65 & Over
Single Coverage	2,850	670
Family Coverage	4,860	1,660

Managed Care Networks (if available)

If retiree chooses a Network provider, there is no deductible, co-payments are the same as above, and a $10 charge applies to physicians fees for office visits.

If retiree does not use a Network provider, there is a $250 deductible, the Plan pays 80% of Network negotiated fees for most covered services and there is an annual maximum of $1,500. Charges in excess of negotiated fees are not applied to the $1,500 maximum.

Appendix B

BELL ATLANTIC CORPORATION

SUMMARY OF MEDICAL EXPENSE PLAN PROVISIONS

IV) All Retirees Age 65 or Over:

All coverage described above is reduced to reflect benefits provide by Medicare.

Appendix C

BELL ATLANTIC CORPORATION

SUMMARY OF DENTAL EXPENSE PLAN PROVISIONS

Type A Services Routine oral examinations Emergency examinations Prophylaxis (cleaning and scaling of teeth) Fluoride treatments Space maintainers (for dependent children under age 19 only) X-rays (dental X-rays, radiographs)	100% of the reasonable and customary charges
Type B Services Restorations Oral surgery excluding procedures covered by the Medical Expense Plan Endodontics Periodontics Prosthodontics Orthodontics General anesthesia	Scheduled Amounts Only after a onetime deductible of $50 for each covered person. For retirees after 12/31/89, the scheduled amounts are 20% higher.
Annual Maximum	
Pre 1/1/90 retirees	$750 per person per year
Post 12/31/89 retirees	$1,000 per person per year
Lifetime Orthodontia Maximum	
Pre 1/1/90 retirees	$1,000 per person per year
Post 12/31/89 retirees	$1,500 per person per year

Exhibit 21-4-A

TABLE 1

BELL ATLANTIC CORPORATION

ANNUAL RATES OF EMPLOYEE SEPARATION FROM SERVICE
BEFORE ELIGIBILITY TO SERVICE RETIREMENT

Male Employees

Non-Management

Service in years t	Rates of separation during year t + .5 to t + 1.5 for employees entering service at specimen ages							
	15	20	25	30	35	40	45	50
0	.198	.186	.158	.135	.120	.115	.117	.120
1	.121	.111	.087	.068	.053	.044	.045	.046
2	.079	.070	.056	.046	.042	.040	.039	.040
3	.059	.051	.037	.034	.029	.030	.030	.028
4	.040	.035	.026	.026	.021	.026	.026	.025
5	.029	.026	.019	.021	.017	.022	.022	.025
6	.023	.021	.016	.017	.013	.019	.020	.024
7	.020	.019	.015	.015	.012	.017	.019	.024
8	.017	.016	.013	.014	.011	.015	.018	.028
9	.014	.014	.012	.012	.011	.015	.018	.032
10	.012	.012	.011	.011	.010	.015	.020	.037
11	.010	.010	.010	.011	.010	.015	.026	.040
12	.009	.010	.009	.010	.011	.017	.029	.046
13	.009	.010	.009	.010	.011	.017	.030	.053
14	.009	.010	.008	.010	.012	.019		
15	.009	.009	.008	.010	.012	.020		
16	.008	.008	.008	.010	.013	.022		
17	.007	.008	.008	.009	.013	.025		
18	.007	.008	.008	.009	.013	.028		
19	.006	.008	.008	.010				
20	.006	.008	.008	.011				
21	.006	.008	.008	.011				
22	.006	.008	.008	.011				
23	.006	.008	.008	.012				
24	.007	.008						
25	.007	.008						
26	.008	.008						
27	.008	.008						
28	.008	.008						

Note: Based on separations for all causes.

Exhibit 21-4-A

TABLE 2

BELL ATLANTIC CORPORATION

ANNUAL RATES OF EMPLOYEE SEPARATION FROM SERVICE
BEFORE ELIGIBILITY TO SERVICE RETIREMENT

Female Employees

Non-Management

Service in years t	Rates of separation during year t + .5 to t + 1.5 for employees entering service at specimen ages							
	15	20	25	30	35	40	45	50
0	.208	.194	.164	.136	.113	.096	.087	.088
1	.148	.139	.115	.094	.075	.063	.057	.061
2	.116	.107	.087	.067	.051	.039	.032	.034
3	.079	.081	.072	.056	.040	.034	.035	.032
4	.071	.071	.058	.045	.033	.031	.030	.032
5	.066	.064	.048	.037	.029	.029	.029	.031
6	.062	.057	.044	.029	.026	.027	.028	.031
7	.057	.050	.037	.025	.024	.025	.028	.031
8	.053	.046	.030	.023	.022	.024	.028	.033
9	.049	.042	.026	.023	.022	.024	.028	.033
10	.044	.039	.026	.022	.022	.023	.028	.035
11	.040	.035	.026	.022	.021	.023	.028	.041
12	.035	.031	.024	.022	.021	.023	.028	.046
13	.031	.027	.022	.022	.021	.023	.028	.055
14	.029	.026	.020	.022	.021	.022		
15	.026	.024	.020	.022	.021	.021		
16	.022	.021	.020	.021	.020	.021		
17	.020	.020	.020	.020	.020	.020		
18	.018	.018	.020	.020	.018	.020		
19	.018	.018	.019	.020				
20	.017	.018	.019	.020				
21	.017	.018	.018	.018				
22	.016	.017	.017	.016				
23	.016	.016	.016	.017				
24	.015	.015						
25	.015	.015						
26	.015	.015						
27	.014	.015						
28	.013	.014						

Note: Based on separations for all causes.

ACTUARIAL SCIENCES ASSOCIATES INC.

Exhibit 21-4-A

TABLE 3

BELL ATLANTIC CORPORATION

ANNUAL RATES OF RETIREMENT ON DISABILITY PENSION

Non-Management

Age x	Rates of disability retirement during year of age x + .5 to x + 1.5		Age x	Rates of disability retirement during year of age x + .5 to x + 1.5	
	Male	Female		Male	Female
29	.0003	.0011	47	.0017	.0052
30	.0003	.0011	48	.0022	.0057
31	.0003	.0012	49	.0027	.0062
32	.0003	.0012	50	.0032	.0068
33	.0003	.0013	51	.0038	.0075
34	.0003	.0014	52	.0043	.0080
35	.0003	.0014	53	.0051	.0086
36	.0003	.0015	54	.0064	.0092
37	.0003	.0015	55	.0087	.0098
38	.0003	.0017	56	.0112	.0102
39	.0004	.0021	57	.0139	.0110
40	.0005	.0024	58	.0171	.0117
41	.0007	.0027	59	.0202	.0125
42	.0007	.0032	60	.0233	.0137
43	.0008	.0035	61	.0262	.0150
44	.0009	.0039	62	.0308	.0167
45	.0011	.0043	63	.0356	.0188
46	.0013	.0048	64	.0411	.0217

Exhibit 21-4-A

TABLE 4

BELL ATLANTIC CORPORATION

ANNUAL RATES OF RETIREMENT ON SERVICE

Male Employees

Non-Management

Service in years t	Rates of retirement during year t + .5 to t + 1.5 for employees entering service at specimen ages							
	15	20	25	30	35	40	45	50
14							.5000	.5000
15							.5000	.3000
16							.5000	.3000
17							.5000	.3000
18							.5000	.3000
19					.0550	.0900	.5000	.9903
20					.0420	.0650	.3000	
21					.0300	.2090	.3000	
22					.0330	.2790	.3000	
23					.0410	.2060	.3000	
24			.0160	.0330	.0440	.5000	.9903	
25			.0150	.0260	.0560	.3000		
26			.0160	.0280	.2270	.3000		
27			.0170	.0360	.2930	.3000		
28			.0190	.0430	.2200	.3000		
29	.0210	.0280	.0320	.0500	.5000	.9903		
30	.0180	.0195	.0390	.0700	.3000			
31	.0195	.0270	.0430	.2540	.3000			
32	.0210	.0345	.0460	.3190	.3000			
33	.0225	.0390	.0540	.2350	.3000			
34	.0255	.0460	.0670	.5000	.9903			
35	.0270	.0530	.0880	.3000				
36	.0315	.0590	.2850	.3000				
37	.0375	.0640	.3540	.3000				
38	.0405	.0730	.2520	.3000				
39	.0520	.0910	.5000	.9903				
40	.0580	.1080	.3000					
41	.0620	.3300	.3000					
42	.0680	.3930	.3000					
43	.0790	.2720	.3000					
44	.0980	.5000	.9903					
45	.1160	.3000						
46	.3510	.3000						
47	.4110	.3000						
48	.2830	.3000						
49	.5000	.9903						
50	.3000							
51	.3000							
52	.3000							
53	.3000							
54	.9903							

ACTUARIAL SCIENCES ASSOCIATES INC.

Exhibit 21-4-A

TABLE 5

BELL ATLANTIC CORPORATION

ANNUAL RATES OF RETIREMENT ON SERVICE

Female Employees

Non-Management

Service in years t	Rates of retirement during year t + .5 to t + 1.5 for employees entering service at specimen ages							
	15	20	25	30	35	40	45	50
14							.5000	.5000
15							.5000	.3000
16							.5000	.3000
17							.5000	.3000
18							.5000	.3000
19					.1830	.2500	.5000	.9949
20					.1090	.1260	.3000	
21					.0950	.2840	.3000	
22					.0950	.3030	.3000	
23					.0980	.2640	.3000	
24			.0900	.1300	.1070	.5000	.9949	
25			.0510	.0850	.1100	.3000		
26			.0520	.0900	.2880	.3000		
27			.0550	.0950	.3100	.3000		
28			.0580	.1000	.2700	.3000		
29	.0600	.0780	.0800	.1110	.5000	.9949		
30	.0510	.0550	.0870	.1160	.3000			
31	.0510	.0650	.0930	.2960	.3000			
32	.0530	.0700	.0990	.3220	.3000			
33	.0590	.0830	.1050	.2790	.3000			
34	.0650	.0990	.1180	.5000	.9949			
35	.0710	.1040	.1260	.3000				
36	.0790	.1100	.3120	.3000				
37	.0860	.1140	.3460	.3000				
38	.0960	.1200	.2930	.3000				
39	.1170	.1320	.5000	.9949				
40	.1160	.1430	.3000					
41	.1210	.3400	.3000					
42	.1270	.3810	.3000					
43	.1330	.3120	.3000					
44	.1460	.5000	.9949					
45	.1550	.3000						
46	.3660	.3000						
47	.4080	.3000						
48	.3280	.3000						
49	.5000	.9949						
50	.3000							
51	.3000							
52	.3000							
53	.3000							
54	.9949							

Exhibit 21-4-A

TABLE 6

BELL ATLANTIC CORPORATION

ANNUAL RATES OF MORTALITY AMONG ACTIVE EMPLOYEES

Age x	Rates of Mortality during year of age x + .5 to x + 1.5		Age x	Rates of Mortality during year of age x + .5 to x + 1.5	
	Male	Female		Male	Female
15	.0011	.0003	43	.0021	.0013
16	.0011	.0003	44	.0024	.0015
17	.0011	.0003	45	.0027	.0017
18	.0011	.0003	46	.0030	.0019
19	.0010	.0003	47	.0034	.0021
20	.0010	.0003	48	.0038	.0022
21	.0009	.0003	49	.0041	.0024
22	.0009	.0004	50	.0045	.0025
23	.0008	.0004	51	.0050	.0026
24	.0008	.0004	52	.0055	.0027
25	.0008	.0004	53	.0061	.0030
26	.0008	.0004	54	.0068	.0033
27	.0008	.0004	55	.0075	.0037
28	.0007	.0005	56	.0083	.0040
29	.0007	.0005	57	.0092	.0044
30	.0007	.0006	58	.0102	.0049
31	.0007	.0006	59	.0111	.0053
32	.0007	.0007	60	.0121	.0058
33	.0007	.0007	61	.0132	.0063
34	.0008	.0008	62	.0143	.0068
35	.0008	.0008	63	.0154	.0074
36	.0009	.0008	64	.0165	.0080
37	.0011	.0009	65	.0177	.0086
38	.0012	.0009	66	.0190	.0093
39	.0013	.0010	67	.0202	.0101
40	.0015	.0010	68	.0215	.0110
41	.0016	.0011	69	.0228	.0119
42	.0018	.0012			

Exhibit 21-4-A

TABLE 7

BELL ATLANTIC CORPORATION

ANNUAL RATES OF MORTALITY FOR SERVICE PENSIONERS

Age x	Rates of Mortality during year of age x + .5 to x + 1.5		Age x	Rates of Mortality during year of age x + .5 to x + 1.5	
	Male	Female		Male	Female
45	.053	.020	78	.066	.040
46	.048	.018	79	.072	.044
47	.044	.017	80	.078	.048
48	.040	.015	81	.084	.053
49	.036	.014	82	.090	.060
50	.032	.013	83	.098	.068
51	.029	.012	84	.108	.076
52	.026	.011	85	.119	.088
53	.024	.010	86	.132	.097
54	.022	.010	87	.145	.106
55	.021	.009	88	.157	.117
56	.020	.009	89	.173	.127
57	.019	.009	90	.187	.139
58	.018	.009	91	.202	.151
59	.018	.009	92	.217	.165
60	.018	.009	93	.233	.180
61	.018	.009	94	.248	.197
62	.018	.010	95	.265	.216
63	.019	.010	96	.282	.237
64	.020	.011	97	.300	.258
65	.021	.012	98	.319	.280
66	.022	.012	99	.340	.305
67	.024	.013	100	.363	.332
68	.026	.015	101	.388	.361
69	.028	.016	102	.415	.394
70	.031	.018	103	.447	.430
71	.034	.020	104	.486	.470
72	.037	.022	105	.534	.519
73	.041	.025	106	.587	.575
74	.046	.027	107	.650	.635
75	.050	.030	108	.732	.703
76	.055	.034	109	.852	.806
77	.060	.037	110	.999	.999

For ages prior to 45, the mortality rate is assumed constant at that age value.

BELL ATLANTIC

RESPONSE TO PARAGRAPH 26

EXHIBITS

EXHIBIT 26-A	**BELL ATLANTIC CORPORATION** **1991 ACTUARIAL REPORT** **1991 REGULATORY COSTS UNDER SFAS 106** **THE BELL ATLANTIC MANAGEMENT RETIREE HEALTH PLANS**
EXHIBIT 26-B	**BELL ATLANTIC CORPORATION** **1991 ACTUARIAL REPORT** **1991 REGULATORY COSTS UNDER SFAS 106** **THE BELL ATLANTIC MEDICAL AND DENTAL EXPENSE PLANS AND MEDICARE PART B REIMBURSEMENT (ASSOCIATE)**
EXHIBIT 26-C	**BELL ATLANTIC CORPORATION** **1991 ACTUARIAL REPORT** **1991 REGULATORY COSTS UNDER SFAS 106** **THE BELL ATLANTIC RETIREE GROUP LIFE INSURANCE PLANS**

Exhibit 26-A

BELL ATLANTIC CORPORATION
1991 ACTUARIAL REPORT

1991 REGULATORY COSTS UNDER SFAS 106
THE BELL ATLANTIC
MANAGEMENT RETIREE HEALTH PLANS

ACTUARIAL SCIENCES ASSOCIATES INC.

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TABLE OF CONTENTS (CONTINUED)

BELL ATLANTIC CORPORATION

ACTUARIAL REPORT FOR 1991 REGULATORY COST UNDER SFAS 106

THE BELL ATLANTIC MANAGEMENT RETIREE HEALTH PLANS

I. INTRODUCTION

This report provides the 1991 results of the first annual actuarial valuation for determining the cost on an accrual basis for Bell Atlantic Management Retiree Health Plans.

The results in this report reflect (1) the adoption of Statement of Financial Accounting Standards No. 106 (SFAS 106) as of January 1, 1991 and (2) the delayed recognition of the transition obligation as of January 1, 1991. The transition obligation was amortized on a straight-line basis over the average remaining service period of active plan participants.

Postretirement Medical, Dental and Medicare Part B Reimbursement plan provisions are reflected in the cost and APBO on a combined basis as all benefits are unfunded. The Company's current policy is to not advance fund these benefits.

II. SUMMARY OF RESULTS

The transition obligation and cost for 1991 are as follows (in $ thousands):

1/1/91 Transition Obligation	1991 Cost
$1,115,579	$170,836

Details of the components of the cost are shown on Exhibit I.

BELL ATLANTIC CORPORATION

ACTUARIAL REPORT FOR 1991 REGULATORY COST UNDER SFAS 106

THE BELL ATLANTIC MANAGEMENT RETIREE HEALTH PLANS

II. SUMMARY OF RESULTS (CONTINUED)

The principal assumptions include the following:

- Discount Rate: 8.00%
- Expected Long Term Rate of Return on Plan Assets: Not Applicable
- Health Care Trend Rates:
  - Medical

    Approximately 15% initially, grading down to an ultimate rate of approximately 5%
  - Dental

    4% in 1991 and later years
  - Medicare Part B Reimbursement 0%
- Pay Growth - Not Applicable

III. NET PERIODIC POSTRETIREMENT BENEFIT COST

Exhibit I shows the components of the net periodic postretirement benefit cost.

The net periodic postretirement benefit cost is made up of the following components:

- Service Cost
- Interest Cost

BELL ATLANTIC CORPORATION

ACTUARIAL REPORT FOR 1991 REGULATORY COST UNDER SFAS 106

THE BELL ATLANTIC MANAGEMENT RETIREE HEALTH PLANS

III. NET PERIODIC POSTRETIREMENT BENEFIT COST (CONTINUED)

- (Expected Return on Plan Assets)
- Amortization of Transition Obligation
- Amortization of Prior Service Cost
- Amortization of (Gains) and Losses

The expected return on plan assets was zero because the Plans are unfunded. There was no amortization of gains and losses because 1991 was the first year for which costs were determined based on SFAS 106. The transition obligation was amortized on a straight-line basis over the average remaining service period of active plan participants of 17.04 years. A prior service cost was established as a result of an amendment in 1991.

The plan amendment provided that certain employees not eligible to retire were made permanently eligible to retire and, therefore, entitled to postretirement medical and dental coverage at the time actual retirement occurs. The plan amendment affected active participants who were not eligible to retire as of December 15, 1991 but who would otherwise have become eligible to retire within the three year period beginning immediately after December 15, 1991 had there been no amendment.

IV. ACTUARIAL COST METHOD

The actuarial cost method is prescribed by SFAS 106. The method is a version of the commonly used Projected Unit Credit Cost Method.

ACTUARIAL SCIENCES ASSOCIATES INC.

BELL ATLANTIC CORPORATION

ACTUARIAL REPORT FOR 1991 REGULATORY COST UNDER SFAS 106

THE BELL ATLANTIC MANAGEMENT RETIREE HEALTH PLANS

IV. ACTUARIAL COST METHOD (CONTINUED)

Under the prescribed method. postretirement benefits are allocated to each year of service within the attribution period. The attribution period begins at date of hire unless the plan's benefit formula grants credit for service only after a later date. The attribution period ends at the full eligibility date which is the date the employee has rendered all the service necessary to receive full benefits.

The APBO is the present value of the benefits assigned to years within the attribution period but prior to a certain date. For example. the APBO as of January 1, 1991 is the present value of postretirement benefits allocated to the years of service rendered prior to January 1. 1991.

The service cost is the present value of postretirement benefits assigned to the current year. For example. the 1991 service cost is the present value of benefits assigned to 1991.

The end of the attribution period has already occurred for active participants who have already reached their full eligibility date and for retired participants. As a result. the APBO for each of these two groups is the present value of all future postretirement benefits. and the service cost is zero.

V. ASSUMPTIONS AS TO FUTURE EXPERIENCE

In order to determine the cost and APBO under SFAS 106. it is necessary to estimate the postretirement benefits that will be paid in future years for currently active employees and retirees (including benefits to be paid for their eligible dependents) and to allocate benefits for active participants to the current year and to

BELL ATLANTIC CORPORATION

ACTUARIAL REPORT FOR 1991 REGULATORY COST UNDER SFAS 106

THE BELL ATLANTIC MANAGEMENT RETIREE HEALTH PLANS

V. ASSUMPTIONS AS TO FUTURE EXPERIENCE (CONTINUED)

years of service rendered before the valuation date. The allocated benefits are then discounted for survivorship and interest to estimate their present values. The process involves the use of actuarial assumptions. The two most important assumptions are the discount rate and the health care cost trend rates. The primary assumptions also include withdrawal rates, disability rates, mortality rates and retirement rates for active employees and mortality rates for retired employees

A. Discount Rates and Expected Long Term Rate of Return on Plan Assets

The discount rate for 1991 is 8%. The 8% discount rate assumption was also used to determine the Company's 1991 cost under SFAS 87 for the Bell Atlantic Management Pension Plan. The expected long term rate of return on plan assets is not applicable because the Plans are unfunded.

B. Mortality, Withdrawal, Disability and Retirement Rates

The active mortality, withdrawal, and retirement rates and the postretirement mortality rates used to determine the present values of future health care benefits are the same rates that were used to determine the Company's 1991 costs under SFAS 87 for the Bell Atlantic Management Pension Plan. A new postretirement mortality table (the 1991 Telecommunications Mortality Table) was constructed in 1991 based on 1986 through 1989 retiree mortality experience of telecommunications retirees including Management retirees of Bell Atlantic. The 1986-1989 mortality experience was projected with mortality improvement to 1991. Tables 1 through 3 show the detailed assumptions.

BELL ATLANTIC CORPORATION

ACTUARIAL REPORT FOR 1991 REGULATORY COST UNDER SFAS 106

THE BELL ATLANTIC MANAGEMENT RETIREE HEALTH PLANS

V. ASSUMPTIONS AS TO FUTURE EXPERIENCE (CONTINUED)

The rates of separation from service shown on Tables 1 and 2 combine the mortality, withdrawal and disability rates.

C. Transfer Assumption

The withdrawal rates reflect the net effect of withdrawals from service as an active management employee and transfers from Associate to Management status.

D. Health Care Cost Trend Rates

Both the medical and dental cost trend rates are shown in Exhibit IV.

The approach used in this valuation for both Medical and Dental benefits is to apply annual health care cost trend rates to current claim costs per retiree in order to estimate claim costs per retiree in future years.

The medical cost trend rate assumptions start at 15% in 1991 (13.9% for ages 65 and over) and decline to an ultimate rate of 5.00% in 2003 (4.80% for ages 65 and over). Changes in Medicare with regard to Balance Billing and other legislated changes are reflected in the medical trend rates. For example, the trend for ages 65 and over includes a temporary decline during 1992-1993.

BELL ATLANTIC CORPORATION

ACTUARIAL REPORT FOR 1991 REGULATORY COST UNDER SFAS 106

THE BELL ATLANTIC MANAGEMENT RETIREE HEALTH PLANS

V. ASSUMPTIONS AS TO FUTURE EXPERIENCE (CONTINUED)

The dental trend rate assumptions shown in Exhibit IV are a blend of two components: one for Type A services and the other for Type B services. Type B services consist of the more expensive dental care services and are based on fixed fee schedules. The average incurred claims for Type B services are not expected to increase from year to year as much as those for the Type A services. Thus, the trend rate assumptions for Type B services are lower.

The health care cost trend rates do not take into consideration any anticipated changes in the demographic composition of the employees, retirees, or their eligible dependents. The trend rates also do not reflect any possible future changes in plan provisions or legislation.

Health care cost trend rates are not used with respect to Medicare Part B Reimbursement because the reimbursement is frozen at the 1991 Medicare Part B amount.

While it is not to be expected that any of the assumptions described above will prove to agree exactly with future experience, it is believed that the resulting costs and liabilities developed are reasonably accurate. The assumptions have been developed to be individually realistic.

BELL ATLANTIC CORPORATION

ACTUARIAL REPORT FOR 1991 REGULATORY COST UNDER SFAS 106

THE BELL ATLANTIC MANAGEMENT RETIREE HEALTH PLANS

VI. CLAIM COSTS

The initial 1990 incurred claim costs per retiree are an essential input to the valuation. The input medical claim costs were compiled from actual 1989 incurred claim experience for all retirees and their eligible dependents. The actual medical claim experience was provided by Blue Cross/Blue Shield of the National Capital Area. The following adjustments were made to the claim experience:

(1) The 1989 paid claim cost experience was adjusted to an estimated incurred basis to reflect 1989 incurred claims not yet paid as of February 28, 1991 but expected to be paid after that date.

(2) The claim costs were adjusted to reflect insurance carrier expenses and the experience of retirees participating in HMO's.

(3) The incurred claim costs were adjusted for changes in benefit provisions not fully reflected in the actual claim experience.

(4) Average 1989 incurred claim costs per retiree were determined from the adjusted incurred claims costs in item (3) and from the life counts taken from the retiree census data as of January 1, 1989 and January 1, 1990. The average incurred claims per retiree include both dependent and retiree claims because the surviving dependent claims cease to be financed by Company contributions shortly after the death of a retiree.

BELL ATLANTIC CORPORATION

ACTUARIAL REPORT FOR 1991 REGULATORY COST UNDER SFAS 106

THE BELL ATLANTIC MANAGEMENT RETIREE HEALTH PLANS

VI. CLAIM COSTS (CONTINUED)

(5) The 1989 incurred claim costs per retiree were adjusted so as to be on a 1990 incurred basis by applying 1990 trend assumptions of approximately 14% for medical and 4% for dental.

For participants who retired prior to 1992, the average 1990 incurred claim costs per retiree shown in Exhibit V are broken down by age group and sex to reflect differences in claim experience by age and sex and also to reflect the fact that dependency, and therefore dependent claims per retiree, vary significantly both by age and sex. Average claim costs per retiree which vary by age and sex are also appropriate to reflect differences in sex composition between retirees and actives.

For participants who retire after 1991, the average 1990 incurred claim costs per retiree shown in Exhibit VI are broken down by two age groups (pre 65 and post 64) and by retiree only, retiree with one dependent and retiree with two or more dependents. The purpose of this breakdown is to reflect the cost sharing provisions under the Substantive Plan discussed below under Plan Provisions. The cost sharing provisions of the Substantive Plan vary by the grouping shown on Exhibit VI.

Average dental claims per retiree varying by age and sex group were used for both future retirees and current retirees. The 1990 average dental claims for retirees are shown in Exhibit VII.

ACTUARIAL SCIENCES ASSOCIATES INC.

BELL ATLANTIC CORPORATION

ACTUARIAL REPORT FOR 1991 REGULATORY COST UNDER SFAS 106

THE BELL ATLANTIC MANAGEMENT RETIREE HEALTH PLANS

VII. PLAN PROVISIONS

The postretirement eligibility provisions for medical and dental coverage are described in Appendix A. The benefit provisions of the Retiree Medical and Dental Plans and Medicare Part B Reimbursement are summarized in Appendices B, C and D respectively.

The provisions of the Retiree Medical Plan vary depending on when a participant retires as follows:

Date of Retirement

- o Before April 1. 1986
- o On or After April 1. 1986

This report reflects benefit changes due to OBRA '90 and other recent legislation.

The valuation results reflect a Substantive Plan under which the Company and retirees who retire on or after January 1. 1992 are expected, in general, to share in future cost increases in retiree medical benefits beginning in 1994. For retirees with one or more dependents, the cost sharing with respect to the first dependent is expected to begin in 1994 and increase such that by the year 2013, the retiree will be paying for 50% of the cost of the dependent coverage. For retirees with two or more dependents. the cost sharing with respect to dependents other than the first dependent will also be phased-in over the same twenty year period beginning in 1994 and ending in the year 2013. However. by the year 2013 the retiree will be expected to pay 100% of the cost of the dependent coverage for dependents other than the first dependent. The cost sharing provisions were assumed to affect plan participation.

BELL ATLANTIC CORPORATION

ACTUARIAL REPORT FOR 1991 REGULATORY COST UNDER SFAS 106

THE BELL ATLANTIC MANAGEMENT RETIREE HEALTH PLANS

VII. PLAN PROVISIONS (CONTINUED)

The Substantive Plan has been communicated to the participants who could be affected.

VIII. DEMOGRAPHIC DATA

The valuation was based on active and retiree census data as of January 1, 1991. The census data are summarized as follows:

	Actives	Retirees Below Age 65	Retirees Age 65 and Over	Retirees Total
Number	20,381	7,233	9,251	16,484
Average Age	43.0	59.2	73.3	67.1
Average Service	19.6			

The data for retirees are shown above separately for those below age 65 and for those age 65 and over because the Medical benefits expected to be paid are significantly different between these two age groups due to the fact that Medicare provides most of the coverage for those age 65 and over. Retirees include disability pensioners and service pensioners.

Bell Atlantic Corporation is the source of the data.

Demographic data were not available for disabled employees receiving Long Term Disability (LTD) benefits under the Company LTD Plan but who were ineligible for either disability or service pensions. However, the data did include claims paid for these employees; thus, they were reflected on an aggregate basis.

BELL ATLANTIC CORPORATION

ACTUARIAL REPORT FOR 1991 REGULATORY COST UNDER SFAS 106

THE BELL ATLANTIC MANAGEMENT RETIREE HEALTH PLANS

IX. MEDICARE

As a result of OBRA '89 & '90, non-participating doctors will be limited in the amount that they can charge Medicare patients. As Bell Atlantic reimburses over-65 retirees for any expenses not paid for by Medicare, this "Balance Billing" will cause the medical cost trend to be reduced in 1992 and 1993.

X. ACTUARY'S STATEMENT

Calculations reported herein have been made on a basis consistent with my understanding of the Statement of the Financial Accounting Standards No. 106 (SFAS 106). Determination for purposes other than meeting employer financial accounting requirements (such as for purposes of measuring participant benefit security) may differ significantly from the results contained in this report.

The plans were assumed to continue indefinitely; however, this assumption should not be construed to mean that Bell Atlantic has an obligation to continue the plans.

Respectfully Submitted,

Thomas G. Bainbridge

Thomas G. Bainbridge, ASA, MAAA
Vice President and Consulting Actuary

January 30, 1992

BELL ATLANTIC CORPORATION
MANAGEMENT
EXHIBIT I
COMPONENTS OF NET PERIODIC POSTRETIREMENT BENEFIT COST
($ THOUSANDS)
1991

		Net Periodic Postretirement Benefit Cost
1)	Service Cost	$ 16.059
2)	Interest Cost	89.056
3)	Expected Return on Assets	0
4)	Amortization of Transition Obligation	65.468*
5)	Amortization of Prior Service Cost	253
6)	Amortization of Gains and (Losses)	0
Total (1)+(2)-(3)+(4)+(5)-(6)		$170.836

* Amortization of Transition Obligation of $1.115.579. The Transition Obligation is equal to the Accumulated Postretirement Benefit Obligation.

ACTUARIAL SCIENCES ASSOCIATES INC.

BELL ATLANTIC CORPORATION
MANAGEMENT
EXHIBIT II
ACCUMULATED POSTRETIREMENT BENEFIT OBLIGATION
($ THOUSANDS)

	APBO
Retirees	$ 686.424
Other Fully Eligible Plan Participants	93,505
Other Active Plan Participants	335.650
Total	$1.115.579

BELL ATLANTIC CORPORATION
MANAGEMENT
EXHIBIT III
IMPACT OF 1% INCREASE IN HEALTH CARE TREND RATE
($ MILLIONS)

	Impact
1991 Combined Service Cost and Interest Cost	$15.5
1/1/91 APBO	141.2

ACTUARIAL SCIENCES ASSOCIATES INC.

BELL ATLANTIC CORPORATION
MANAGEMENT
EXHIBIT IV
HEALTH CARE COST TREND RATE ASSUMPTIONS

	Medical		Dental
Year	Below Age 65	Age 65 and Above	All Ages
1991	15.00%	13.90%	4.00% and thereafter
1992	14.75%	7.45%	
1993	13.95%	10.05%	
1994	12.85%	12.35%	
1995	12.10%	11.20%	
1996	11.10%	10.30%	
1997	9.50%	8.90%	
1998	8.00%	7.50%	
1999	7.00%	6.60%	
2000	6.25%	5.95%	
2001	5.75%	5.55%	
2002	5.25%	5.05%	
2003 & later	5.00%	4.80%	

BELL ATLANTIC CORPORATION
MANAGEMENT
EXHIBIT V
1990 AVERAGE MEDICAL CLAIM COSTS PER RETIREE*
FOR RETIREMENTS BEFORE 1992

	Medical Pre 4/01/86 Retirees		Medical Post 3/31/86 Retirees	
Age	Males	Females	Males	Females
44 and lower	$2,177	$2,109	$3,380	$1,539
45-49	2,001	1,847	2,280	1,841
50-54	2,679	2,297	2,286	2,280
55-59	3,568	2,759	3,386	2,696
60-64	5,210	3,540	4,457	3,141
65-69	2,232	1,333	1,896	1,128
70-74	1,942	1,162	1,646	991
75-79	1,908	1,224	1,623	1,042
80-84	1,760	1,099	1,475	934
85-89	1,737	1,185	1,481	1,008
90-94	1,509	1,059	1,287	900
95 and Over	1,310	1,048	1,116	888

*Retiree and dependent claim costs per retiree

Exhibit 26-A

BELL ATLANTIC CORPORATION
MANAGEMENT
EXHIBIT VI
1990 AVERAGE MEDICAL CLAIM COSTS PER RETIREE FOR RETIREMENTS AFTER 1991

	Medical For Retirements After 1991	
Coverage	Pre 65	Post 64
Retiree Only	$2,551	$ 972
Retiree with 1 Dependent*	3,732	1,671
Retiree with 2 or More Dependents*	3,827	1,693

* Retiree and dependent claim costs per retiree

BELL ATLANTIC CORPORATION
MANAGEMENT
EXHIBIT VII
1990 AVERAGE DENTAL CLAIM COSTS PER RETIREE*

	Dental Pre 4/01/86 Retirees		Dental Post 3/31/86 Retirees	
Age	Males	Females	Males	Females
Under 45	$645	$452	$733	$515
45-49	546	385	624	442
50-54	489	333	556	385
55-59	426	302	489	343
60-64	416	291	473	333
65-69	406	270	463	307
70-74	374	239	426	276
75-79	343	182	390	208
80-84	302	135	343	156
85-89	239	104	270	114
90-94	140	68	161	73
Over 94	36	52	42	57

* Retiree and dependent claim cost per retiree

BELL ATLANTIC CORPORATION
MANAGEMENT
EXHIBIT VIII
1990 AVERAGE MEDICARE PART B COSTS PER RETIREE*

Age	Part B For All Retirees Males	Females
Under 60	$ 0	$ 0
60-64	0	96
65-69	474	474
70-74	632	439
75-79	608	401
80-84	594	377
85-89	542	374
90-94	477	363
Over 94	377	358

* Retiree and dependent claim costs per retiree

EXHIBIT IX
Bell Atlantic Management Employees
Census by Age as of 1/1/91

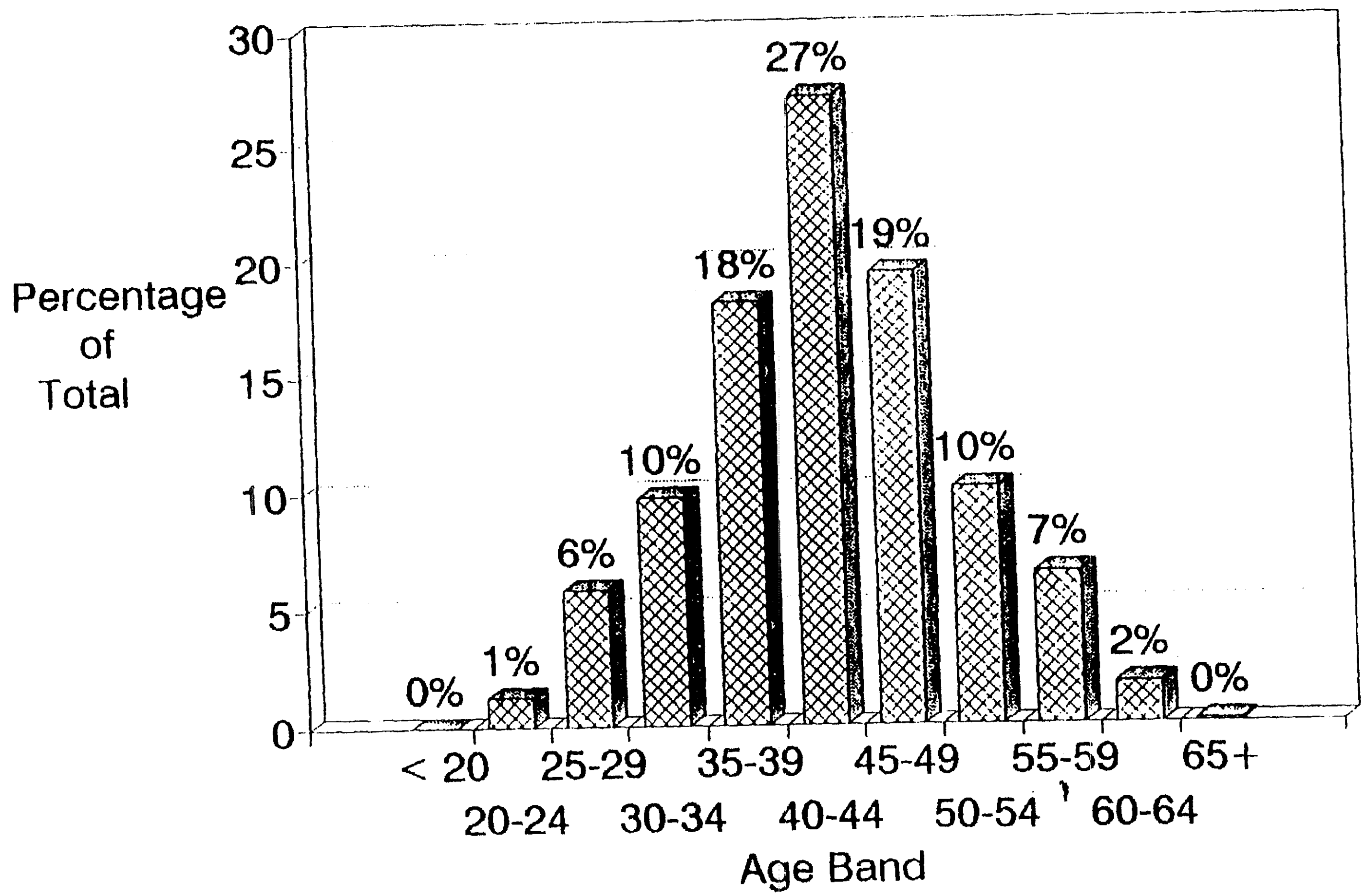
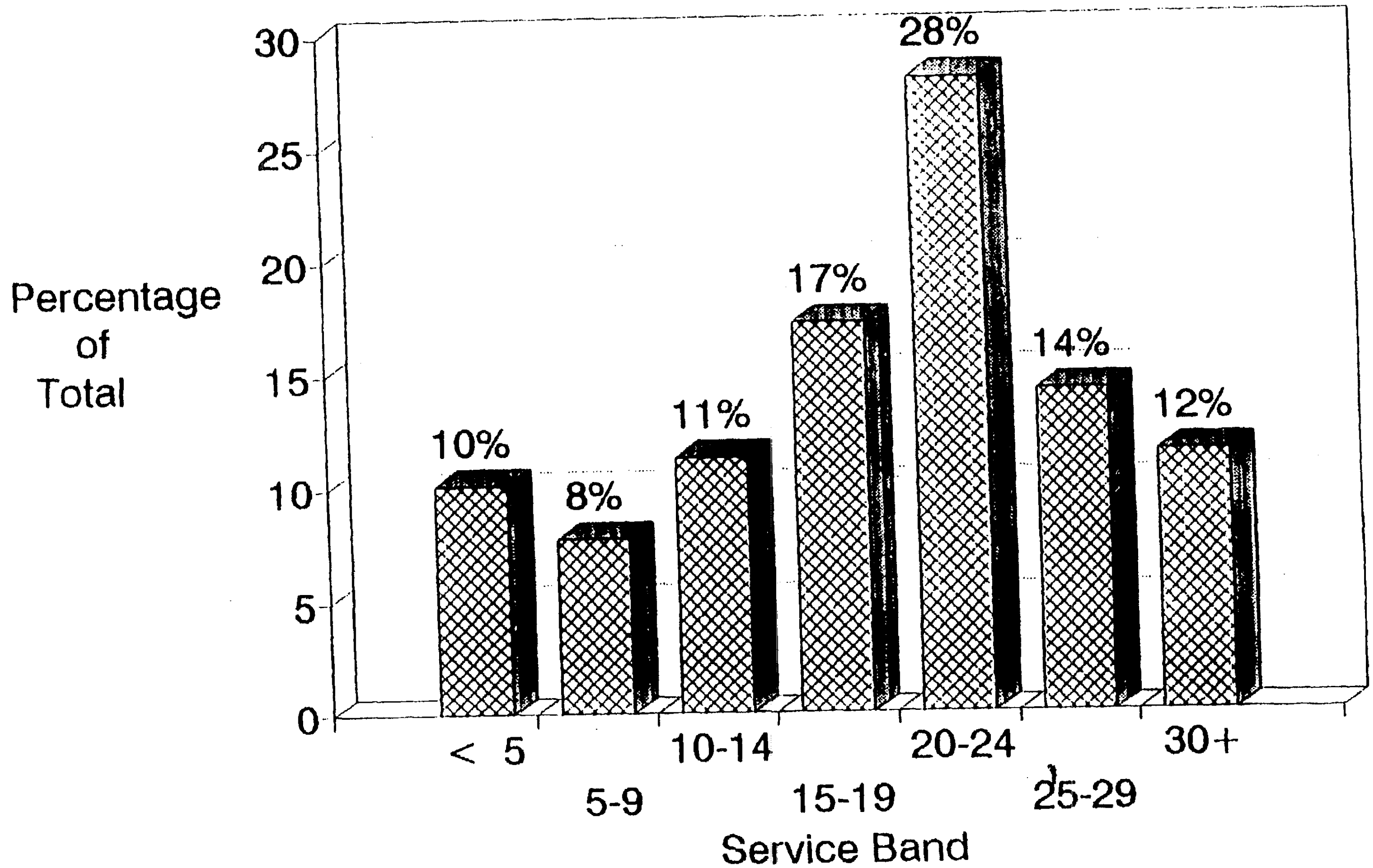


EXHIBIT IX (Continued)
Bell Atlantic Management Employees
Census by Service as of 1/1/91



BELL ATLANTIC CORPORATION
MANAGEMENT
EXHIBIT IX (Continued)
ACTIVE DATA BY AGE AND SERVICE
AS OF JANUARY 1, 1991

	Length of Service (Completed Years)							
Age	0-4	5-9	10-14	15-19	20-24	25-29	30 & Over	TOTAL
Under 20	0	0	0	0	0	0	0	0
20-24	242	6	0	0	0	0	0	248
25-29	728	346	63	0	0	0	0	1,137
30-34	396	605	809	117	0	0	0	1,927
35-39	218	315	805	1,668	697	0	0	3,703
40-44	150	186	402	1,271	3,040	509	0	5,558
45-49	65	72	137	325	1,497	1,735	185	4,016
50-54	29	40	65	98	382	547	913	2,074
55-59	6	11	26	56	117	109	1,013	1,338
60-64	2	4	12	26	42	25	245	356
Over 64	0	2	7	2	3	0	10	24
TOTAL	1,836	1,587	2,326	3,563	5,778	2,925	2,366	20,381

The Average Age is 43.0
The Average Length of Service is 19.6

ACTUARIAL SCIENCES ASSOCIATES INC.

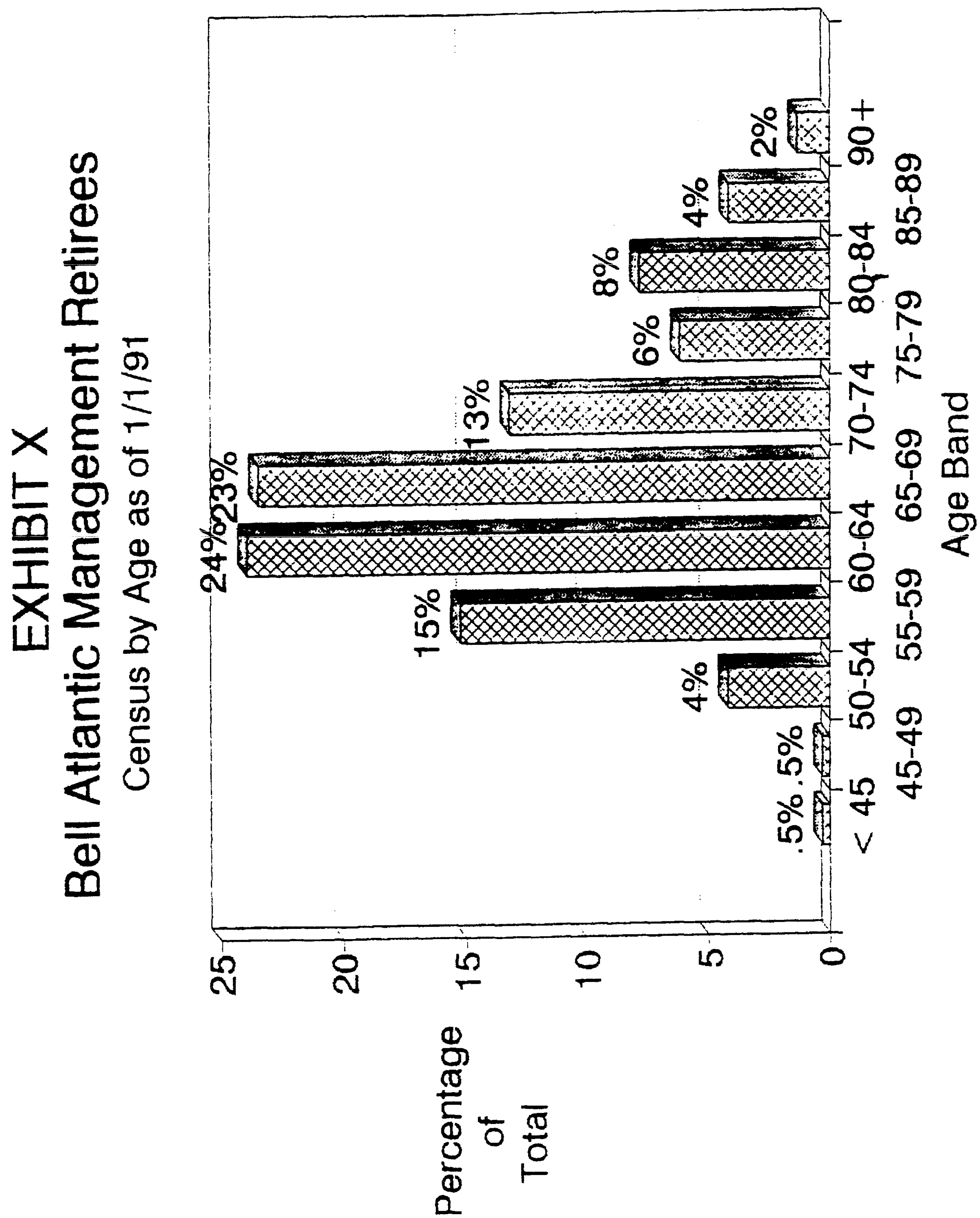


EXHIBIT X
Bell Atlantic Management Retirees
Census by Age as of 1/1/91
Percentage of Total
25
20
15
10
5
0
.5%
.5%
.5%
4%
15%
24%
23%
13%
6%
8%
4%
2%
< 45
45-49
50-54
55-59
60-64
65-69
70-74
75-79
80-84
85-89
90+
Age Band

Exhibit 26-A

BELL ATLANTIC CORPORATION
MANAGEMENT
EXHIBIT X (Continued)
RETIREE* DATA BY AGE
AS OF JANUARY 1. 1991

Age	Male	Female	Total
Under 45	20	28	48
45-49	15	35	50
50-54	320	370	690
55-59	1.636	870	2,506
60-64	2,607	1.332	3,939
65-69	2.626	1.239	3,865
70-74	1,350	825	2,175
75-79	456	559	1,015
80-84	580	711	1,291
85-89	355	327	682
Over 89	94	129	223
TOTAL	10,059	6.425	16,484

The average age of the retirees is 67.1.

* Includes Service and Disability Pensioners.

ACTUARIAL SCIENCES ASSOCIATES INC.

Appendix A

BELL ATLANTIC CORPORATION
MANAGEMENT
SUMMARY OF POSTRETIREMENT PLAN ELIGIBILITY PROVISIONS

Retirement Eligibility

Age		Minimum Years of Service	Type of Retirement
65	and	10	Service Pension
60	and	15	Service Pension
55	and	20	Service Pension
50	and	25	Service Pension
Any Age	and	30	Service Pension
Any Age	and	15	Disability Pension

Long Term Disability Eligibility

Coverage is provided for employees who are disabled and entitled to Long Term Disability (LTD) benefits.

Dependent Eligibility

Under the Management Retiree Medical Plan, there are four types of dependents who qualify for coverage, Class I dependents, Grandfathered Class II dependents, sponsored parents and sponsored children.

- Class I Dependents include:
  - spouses
  - unmarried children under age 20, or under age 24 if full-time students
  - unmarried children, regardless of age, who are physically or mentally handicapped and fully dependent on the retiree for financial support.

- Grandfathered Class II Dependents are dependents who were covered as Class II dependents before 1/1/90, and who are dependent on the retiree for support and have lived with the retiree for at least six months and have total income including Social Security less than the maximum per year stated in the plan. This category includes unmarried children who are not Class I dependents, brothers and sisters, parents and grandparents and unmarried grandchildren.

Appendix A

BELL ATLANTIC CORPORATION
MANAGEMENT
SUMMARY OF POSTRETIREMENT PLAN ELIGIBILITY PROVISIONS (Continued)

- A Sponsored Parent is a parent of a retiree (or his/her spouse) and meets the Grandfathered Class II Dependent criteria except that such parent was not covered as a Class II dependent before 1990. The retiree must pay the full cost of this coverage.
- A Sponsored Child is an unmarried child who is not eligible for coverage as a Class I or Grandfathered Class II dependent. Sponsored children can receive coverage if under age 24 regardless of income or residence. The retiree must pay the full cost of this coverage.

The Management Retiree Dental Plan covers only Class I Dependents and Sponsored Children.

Appendix B

BELL ATLANTIC CORPORATION
MANAGEMENT
SUMMARY OF RETIREE MEDICAL PLAN PROVISIONS

I. **For Management** Retirees who retired before 4/1/86

Type of Expense	The Plan Pays
HOSPITAL CARE Inpatient Services: Semiprivate room, board, and services including critical care, intensive care and cardiac care units, and necessary supplies, tests and other care	100% for up to 120 days for each separate stay for most confinements with Pre-Admission Review (30 days for mental & nervous confinements). If Pre-Admission Review is not used: 0% if hospitalization was not medically necessary. 100% minus 1% of annual pension (maximum reduction of $250) if hospitalization was medically necessary.
Private room	100% if medically necessary. If not, only the charge for a semi-private room is covered. If there are only private rooms and confinement is not medically necessary, then coverage is at 90% of the private room rates.
Outpatient Services: Emergency Care	100% of the reasonable and customary charge if treatment is given: - within 72 hours after an accident or the onset of a sudden and serious illness.

Appendix B

BELL ATLANTIC CORPORATION
MANAGEMENT
SUMMARY OF RETIREE MEDICAL PLAN PROVISIONS (Continued)

Type of Expense	The Plan Pays
Ambulatory Surgical Facility	100% of the facility charge.
Pre-Admission Testing	100% of the reasonable and customary charge for diagnostic laboratory services and x-ray examinations performed prior to surgery under an approved program.
SURGICAL CARE Surgery	100% of the reasonable and customary charge for selected procedures when the Second Surgical Opinion or Outpatient Surgery Program is used. 95% of the reasonable and customary charge for other surgeries. The other 5% of reasonable and customary charge will be covered under Other Covered Charges.
MEDICAL CARE Diagnostic X-Rays and Lab Tests (outside the hospital) Radiation Therapy Chemotherapy Electroshock Therapy Dialysis Treatment	100% of the reasonable and customary charge - subject to certain limitations.
Administration of Anesthesia. In-Hospital Doctor's Visits. In-Hospital Consultations	90% of the reasonable and customary charge - subject to certain limitations. The other 10%, up to 100% of the reasonable and customary charge, will be covered under "Other Covered Charges."

Appendix B

BELL ATLANTIC CORPORATION
MANAGEMENT
SUMMARY OF RETIREE MEDICAL PLAN PROVISIONS (Continued)

Type of Expense	The Plan Pays
ALCOHOL TREATMENT PROGRAM FOR REHABILITATION	100% of charges for inpatient care if received in an approved program - up to 60 days for lifetime. Benefits apply only to the retiree and Class I Dependents.
OTHER COVERED CHARGES in excess of the annual deductible (The deductible per person equals 1% of the annual pension benefit but not more than $150 nor less than $25 per person per calendar year.)	80% of the reasonable and customary charges for most other covered expenses until "Other Covered Charges" total $5,000, then... 100% of any remaining covered expenses for the remainder of that calendar year. For non-hospital psychiatric care, the Plan pays 50% of the reasonable and customary charges.
MAXIMUM BENEFITS UNDER "OTHER COVERED CHARGES"	$50,000 in lifetime benefits for the retiree during retirement and for each covered dependent. These retirees had a one-time opportunity to purchase an additional coverage of $50,000. The first $3,500 of benefits each calendar year are not applied toward this maximum.
MAIL ORDER PRESCRIPTION DRUGS	100% of charges in excess of $8 for each prescription.

Appendix B

BELL ATLANTIC CORPORATION
MANAGEMENT
SUMMARY OF RETIREE MEDICAL PLAN PROVISIONS (Continued)

II. **For Management Retirees who retire on or after 4/1/86**

A. GENERAL

- Deductible	$150 per individual, $300 per family
- Coinsurance	80% of Reasonable and Customary (R&C) allowance for most services after deductible
- Annual Out-of-Pocket Maximum	- $650 per individual, $1,300 per Family (includes deductible) - $2,000 per individual for outpatient mental health care
- Lifetime Maximum	- $1 million excluding first $4,000 of benefits each year - $20,000 for outpatient mental health care
- Annual Safety Net	- $1,000 maximum out-of-pocket limit per individual for charges above R&C - $2,000 maximum per family
- Cost Containment Programs	- Second Surgical Opinion - Pre-Admission Testing - Pre-Admission Review - Ambulatory Surgery - Mail Service Prescription - Individual Case Management

Appendix B

BELL ATLANTIC CORPORATION
MANAGEMENT
SUMMARY OF RETIREE MEDICAL PLAN PROVISIONS (Continued)

Type of Expense	The Plan Pays
B. HOSPITAL CARE Inpatient Services: Semiprivate room, board, and services including critical care, intensive care and cardiac care units, and necessary supplies, tests and other care	80% for up to 365 days per year, subject to deductible and annual maximum out-of-pocket expense with Pre-Admission Review (30 days* for mental & nervous confinements). If Pre-Admission Review is not used: 0% if hospitalization was not medically necessary. 50% of allowable room and board charges after deductible if hospitalization was medically necessary.**
Private room	80% if medically necessary. If not, only the charge for a semi-private room is covered. If there are only private rooms, 80% of private room rate until semi-private room becomes available.
Outpatient Services: Pre-admission Testing (Diagnostic X-rays and lab tests performed on an outpatient basis prior to inpatient admission)	80% if tests are done unnecessarily on inpatient basis or not associated with a hospital admission. Reimbursement for extra days in hospital is not covered. 100% of the R&C allowance with no deductible and if associated with a hospital admission.

* Reviewed for necessity of continued confinement after 30 days.
** Retiree payment does not apply to out-of-pocket maximum.

ACTUARIAL SCIENCES ASSOCIATES INC.

Appendix B

BELL ATLANTIC CORPORATION
MANAGEMENT
SUMMARY OF RETIREE MEDICAL PLAN PROVISIONS (Continued)

Type of Expense	The Plan Pays
Ambulatory Surgical Facility Care	100% of the allowable facility charge for facility approved by administrator.
C. SURGICAL CARE	- 80% of R&C allowance subject to deductible and out-of-pocket maximum for: · Surgeries that are part of the Ambulatory Surgery Program but require inpatient surgery. · Surgeries that are not part of Second Surgical Opinion or Ambulatory Surgery Programs · Specified Surgeries when second opinion is not obtained or does not confirm first opinion. - 100% of R&C allowance for 5 selected procedures with no deductible when Second Surgical Opinion or Ambulatory Surgery Programs are used on the 5 required procedures. - 50% of the R&C allowance for selected procedures when Second Surgical Opinion or Ambulatory Surgery Programs are not used on the 5 required procedures.
D. SPECIAL SERVICES Mental Health Care	
Inpatient treatment	80% of the R&C charges subject to the plan deductible and subject to a maximum of 30 days. Continuing coverage is then subject to review.

Appendix B

BELL ATLANTIC CORPORATION
MANAGEMENT
SUMMARY OF RETIREE MEDICAL PLAN PROVISIONS **(Continued)**

Type of Expense	The Plan Pays
Outpatient treatment	50% of the R&C charges, subject to deductible, annual maximum of $2,000 and lifetime maximum of $20,000.
Substance Abuse Care	
Inpatient treatment	80% of the R&C charges subject to deductible and subject to the lifetime maximum of 60 days of coverage.
Outpatient treatment	100% of the R&C charges with no deductible and subject to the lifetime maximum of 120 days of coverage.
Combined inpatient and outpatient treatment	A combination of inpatient and outpatient days equivalent to 60 inpatient days where outpatient visits count as 1/2 of an inpatient day.
Skilled Nursing Facility (SNF) Care	
Primary covered services: Room and Board, general nursing, special treatment rooms, doctor's visit, drugs and medical supplies	100% of the allowable charges with no deductible for medically required confinement in approved SNF. Admission must be within 14 days of hospital confinement of at least 3 days duration.
Home Health Care	
Primary covered services: nursing, various therapists, ambulance, drugs, hemodialysis, medical equipment	100% of the allowable charges with no deductible for needed specific services that would otherwise require hospitalization. Services must be provided by qualified Home Health Agency.

Appendix B

BELL ATLANTIC CORPORATION
MANAGEMENT
SUMMARY OF RETIREE MEDICAL PLAN PROVISIONS (Continued)

Type of Expense	The Plan Pays
Hospice Care	
Inpatient or home hospice program which is licenced or certified.	100% of allowable charges with no deductible, subject to the following lifetime maximums:
a. Qualified Team Members: Doctor, Nurse. Home Health Aide, Homemaker. Social Worker. Respiratory Therapist	· 180 days with no more than 60 days inpatient hospice care · 45 reserve days if survival beyond 6 months and acute care facility confinement would otherwise be required.
b. Covered Services: Medical equipment and supplies. semi-private room and board, inpatient general nursing, family and bereavement counseling	
Mail Order Prescription Program	100% of charges in excess of $8 for each prescription.

E. COST SHARING

- Retiree and Dependent Cost Sharing Begins in 1994
- Retiree Cost Sharing Formula
  - Previous year cost sharing plus 25% of change during the year in average claim per retiree.
- First Dependent Cost Sharing Formula
  - Dependent cost sharing is phased in over a 20 year period. Initial dependent cost sharing is 2.5% and increases in increments of 2.5% i.e. 2.5% in 1994, 5% in 1995, 7.5% in 1996....50% in 2013 and later years.

ACTUARIAL SCIENCES ASSOCIATES INC.

Appendix B

BELL ATLANTIC CORPORATION
MANAGEMENT
SUMMARY OF RETIREE MEDICAL PLAN PROVISIONS (Continued)

- 2nd and Later Dependent Cost Sharing Formula
  - Dependent cost sharing is phased in over a 20 year period. Initial dependent cost sharing is 5%, and increases in increments of 5% i.e. 5% in 1994, 10% in 1995, 15% in 1996....100% in 2013 and later years.
  - Cost sharing is the same regardless of the number of dependents after the first dependent.
- There is no Distinction Between Dependent Spouse and Dependent Child
- There is no Distinction Between Medicare and Non-Medicare Eligible Dependents
- Retiree cost sharing depends on whether retiree is or is not eligible for Medicare

III. **All Retirees and Their Eligible Dependents Who Become Eligible for Medicare:**

Benefits provided under the Plan are reduced by benefits available under Medicare.

IV. **Coordination of Benefits**

The Plan has a Maintenance of Benefits provision which is designed to prevent duplicate benefit payments when covered persons are also eligible for medical benefits under another employer plan.

V. **Health Maintenance Organizations**

Each year a retiree will be given an opportunity to retain coverage under the Bell Atlantic Retiree Medical Plan or to enroll in a Company-sponsored Health Maintenance Organization (HMO), if available in his/her locality. The company will contribute toward the HMO up to the same amount it would pay toward coverage under the Plan; any additional costs for the HMO is paid by the retiree.

VI. **Continuation of Coverage**

Upon death of a retired employee, Plan coverage for dependents continues at Company expense with appropriate cost-sharing requirements for six months. This coverage may be continued by the spouse at cost. Continuation of coverage is also available as required under federal law (COBRA).

Appendix C

BELL ATLANTIC CORPORATION
MANAGEMENT
SUMMARY OF RETIREE DENTAL PLAN PROVISIONS

Type of Expense	The Plan Pays
Type A Services Routine oral examinations Emergency examinations if medically necessary Prophylaxis (cleaning and scaling of teeth) Fluoride treatments Space maintainers (for dependent children under age 19 only) X-rays (dental X-rays, radiographs)	100% of the usual and prevailing charges
Type B Services Restorations Oral surgery excluding procedures covered by the Medical Plan Endodontics Periodontics Prosthodontics Orthodontics General anesthesia	Scheduled Amounts Only after a one time deductible of $50 for each covered retiree and eligible dependent
Annual Maximum	$1,000 per person per calendar year
Lifetime Orthodontia Maximum	$1,500 per person in addition to annual maximum
Dental Maintenance Organization (DMO)	100% coverage for many services, 60% for certain major services (root canals, inlay/onlay, dentures and anesthesia) and 50% for orthodontics [redacted]

Appendix D

BELL ATLANTIC CORPORATION
MANAGEMENT
SUMMARY OF MEDICARE PART B REIMBURSEMENT PROVISIONS

- Reimbursement of Medicare Part B Premiums
- Reimbursement is Frozen at the 1991 Part B Amount
- Eligible Participants:
  - Current and Future Medicare Eligible Management Retirees
  - Current and Future Medicare Eligible Class 1 Dependents of Management Retirees

Exhibit 26-A

TABLE 1

Bell Atlantic Corporation

Annual Rates of Employee Separation From Service Before Eligibility To Service Retirement

Male Employees

Management

Service in years t	Rates of separation during year t + .5 to t + 1.5 for employees entering service at specimen ages							
	15	20	25	30	35	40	45	50
0	.104	.105	.105	.102	.096	.091	.088	.088
1	.073	.072	.070	.066	.062	.059	.058	.058
2	.045	.045	.044	.042	.040	.037	.034	.035
3	.019	.026	.032	.032	.025	.025	.030	.030
4	.017	.019	.027	.025	.018	.020	.021	.025
5	.013	.016	.024	.021	.016	.016	.018	.021
6	.012	.014	.021	.018	.016	.015	.015	.018
7	.011	.013	.018	.016	.016	.012	.013	.022
8	.009	.011	.016	.015	.016	.012	.012	.026
9	.009	.010	.013	.014	.013	.010	.013	.029
10	.008	.008	.012	.013	.012	.009	.016	.033
11	.008	.008	.010	.011	.010	.008	.018	.037
12	.008	.008	.009	.009	.008	.009	.022	.043
13	.007	.007	.008	.008	.008	.011	.026	.049
14	.007	.007	.008	.006	.008	.010		
15	.006	.006	.006	.005	.006	.007		
16	.005	.005	.006	.005	.006	.008		
17	.005	.005	.004	.004	.006	.009		
18	.004	.004	.004	.004	.007	.009		
19	.004	.004	.004	.005				
20	.004	.004	.004	.005				
21	.004	.004	.005	.006				
22	.004	.003	.004	.006				
23	.004	.003	.004	.007				
24	.004	.003						
25	.004	.004						
26	.004	.004						
27	.004	.004						
28	.004	.004						

Note: Based on separations due to death disability and withdrawal combined.

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Exhibit 26-A

TABLE 2

Bell Atlantic Corporation

Annual Rates of Employee Separation From Service Before Eligibility to Service Retirement

Female Employees

Management

Service in years t	Rates of separation during year t + .5 to t + 1.5 for employees entering service at specimen ages							
	15	20	25	30	35	40	45	50
0	.095	.095	.094	.092	.088	.084	.079	.079
1	.083	.082	.077	.072	.068	.064	.063	.065
2	.070	.069	.065	.057	.047	.039	.032	.031
3	.058	.058	.056	.046	.029	.025	.026	.031
4	.050	.051	.052	.038	.020	.018	.020	.030
5	.042	.044	.047	.032	.017	.013	.015	.029
6	.040	.040	.042	.027	.015	.012	.013	.028
7	.040	.038	.031	.024	.015	.012	.012	.021
8	.039	.034	.024	.017	.015	.012	.012	.024
9	.036	.030	.021	.014	.013	.012	.012	.029
10	.034	.027	.018	.013	.013	.013	.013	.029
11	.030	.023	.016	.010	.012	.013	.014	.028
12	.026	.020	.016	.010	.010	.014	.015	.028
13	.023	.019	.015	.010	.009	.015	.015	.028
14	.019	.017	.013	.008	.006	.011		
15	.016	.015	.011	.006	.005	.007		
16	.012	.011	.010	.005	.005	.007		
17	.010	.009	.007	.004	.005	.006		
18	.008	.008	.006	.004	.005	.005		
19	.006	.006	.006	.004				
20	.006	.006	.005	.005				
21	.006	.006	.005	.005				
22	.006	.004	.003	.005				
23	.006	.004	.003	.005				
24	.005	.004						
25	.005	.003						
26	.004	.003						
27	.003	.003						
28	.003	.003						

Note: Based on separations due to death disability and withdrawal combined.

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ACTUARIAL SCIENCES ASSOCIATES INC.

Exhibit 26-A

TABLE 3

Bell Atlantic Corporation

Annual Rates of Transfer from Associate to Management*

Management

Service t	Rates of Promotion during year of service t + .5 to t + 1.5	Service t	Rates of Promotion during year of service t + .5 to t + 1.5
0	.0116	16	.0316
1	.0633	17	.0273
2	.1429	18	.0271
3	.1810	19	.0234
4	.1140	20	.0206
5	.0479	21	.0171
6	.0415	22	.0142
7	.0383	23	.0103
8	.0561	24	.0081
9	.0602	25	.0051
10	.0570	26	.0042
11	.0451	27	.0034
12	.0403	28	.0027
13	.0392	29	.0024
14	.0359	30	.0015
15	.0363	over 30	.0011

* Management Plan Assumptions

Exhibit 26-A

TABLE 4

Bell Atlantic Corporation

Annual Rates of Retirement on Disability Pension

Management

Age x	Rates of disability retirement during year of age x + .5 to x + 1.5		Age x	Rates of disability retirement during year of age x + .5 to x + 1.5	
	Male	Female		Male	Female
30	.00020	.00040	45	.00068	.00136
31	.00020	.00040	46	.00068	.00136
32	.00020	.00040	47	.00068	.00136
33	.00020	.00040	48	.00068	.00136
34	.00020	.00040	49	.00068	.00136
35	.00030	.00060	50	.00120	.00240
36	.00030	.00060	51	.00120	.00240
37	.00030	.00060	52	.00120	.00240
38	.00030	.00060	53	.00120	.00240
39	.00030	.00060	54	.00120	.00240
40	.00042	.00084	55	.00050	.00100
41	.00042	.00084	56	.00050	.00100
42	.00042	.00084	57	.00050	.00100
43	.00042	.00084	58	.00050	.00100
44	.00042	.00084	59	.00050	.00100
			over 59	.00000	.00000

TABLE 5

Bell Atlantic Corporation

Annual Rates of Retirement on Service Pension

Male Employees

Management

Service in years t	Rates of retirement during year t + .5 to t + 1.5 for employees entering service at specimen ages							
	15	20	25	30	35	40	45	50
14							.0470	.5000
15							.0470	.3000
16							.0470	.3000
17							.0470	.3000
18							.0470	.3000
19					.0600	.0860	.5000	.9903
20					.0360	.0500	.3000	
21					.0320	.1350	.3000	
22					.0340	.2110	.3000	
23					.0410	.1680	.3000	
24			.0160	.0310	.0630	.5000	.9903	
25			.0150	.0260	.0720	.3000		
26			.0160	.0340	.1860	.3000		
27			.0180	.0460	.2610	.3000		
28			.0210	.0610	.2180	.3000		
29	.0130	.0130	.0340	.0970	.5000	.9903		
30	.0120	.0130	.0410	.1260	.3000			
31	.0120	.0180	.0480	.2350	.3000			
32	.0120	.0220	.0630	.3070	.3000			
33	.0140	.0240	.0810	.2640	.3000			
34	.0150	.0530	.1170	.5000	.9903			
35	.0160	.0620	.1610	.3000				
36	.0190	.0710	.2700	.3000				
37	.0240	.0900	.3400	.3000				
38	.0270	.1100	.2890	.3000				
39	.0740	.1480	.5000	.9903				
40	.0850	.1960	.3000					
41	.0950	.3030	.3000					
42	.1140	.3620	.3000					
43	.1420	.2970	.3000					
44	.1800	.5000	.9903					
45	.2200	.3000						
46	.3260	.3000						
47	.3740	.3000						
48	.3030	.3000						
49	.5000	.9903						
50	.3000							
51	.3000							
52	.3000							
53	.3000							
54	.9903							

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ACTUARIAL SCIENCES ASSOCIATES INC.

Exhibit 26-A

TABLE 6

Bell Atlantic Corporation

Annual Rates of Retirement on Service Pension

Female Employees

Management

Service in years t	Rates of retirement during year t + .5 to t + 1.5 for employees entering service at specimen ages							
	15	20	25	30	35	40	45	50
14							.1310	.5000
15							.1310	.3000
16							.1310	.3000
17							.1310	.3000
18							.1310	.3000
19					.1800	.3540	.5000	.9949
20					.1260	.1360	.3000	
21					.1260	.2850	.3000	
22					.1290	.3240	.3000	
23					.1330	.2700	.3000	
24			.0610	.1040	.1340	.5000	.9949	
25			.0400	.0960	.1460	.3000		
26			.0420	.1210	.2870	.3000		
27			.0460	.1290	.3270	.3000		
28			.0470	.1310	.2770	.3000		
29	.0400	.0450	.0690	.1390	.5000	.9949		
30	.0290	.0320	.0790	.1610	.3000			
31	.0340	.0400	.1010	.2900	.3000			
32	.0380	.0440	.1250	.3350	.3000			
33	.0460	.0460	.1340	.2920	.3000			
34	.0490	.0930	.1520	.5000	.9949			
35	.0520	.1010	.1810	.3000				
36	.0540	.1200	.3000	.3000				
37	.0560	.1320	.3490	.3000				
38	.0590	.1360	.3150	.3000				
39	.1030	.1640	.5000	.9949				
40	.1160	.2040	.3000					
41	.1290	.3200	.3000					
42	.1350	.3750	.3000					
43	.1450	.3440	.3000					
44	.1740	.5000	.9949					
45	.2120	.3000						
46	.3490	.3000						
47	.3980	.3000						
48	.3680	.3000						
49	.5000	.9949						
50	.3000							
51	.3000							
52	.3000							
53	.3000							
54	.9949							

Exhibit 26-A

TABLE 7

Bell Atlantic Corporation

Annual Rates of Mortality Among Active Employees

Management

Age x	Rates of Mortality during year of age x + .5 to x + 1.5		Age x	Rates of Mortality during year of age x + .5 to x + 1.5	
	Male	Female		Male	Female
15	.0003	.0001	43	.0017	.0008
16	.0003	.0001	44	.0019	.0009
17	.0003	.0002	45	.0022	.0010
18	.0004	.0002	46	.0025	.0011
19	.0004	.0002	47	.0028	.0012
20	.0004	.0002	48	.0031	.0014
21	.0004	.0002	49	.0035	.0015
22	.0004	.0002	50	.0039	.0016
23	.0004	.0002	51	.0043	.0018
24	.0004	.0002	52	.0048	.0019
25	.0005	.0003	53	.0052	.0021
26	.0005	.0003	54	.0057	.0023
27	.0005	.0003	55	.0061	.0025
28	.0005	.0003	56	.0066	.0028
29	.0006	.0003	57	.0071	.0031
30	.0006	.0003	58	.0077	.0034
31	.0006	.0004	59	.0084	.0038
32	.0007	.0004	60	.0092	.0042
33	.0007	.0004	61	.0101	.0047
34	.0008	.0004	62	.0111	.0052
35	.0009	.0005	63	.0124	.0058
36	.0009	.0005	64	.0139	.0064
37	.0010	.0005	65	.0156	.0071
38	.0010	.0006	66	.0176	.0078
39	.0011	.0006	67	.0198	.0087
40	.0012	.0007	68	.0222	.0097
41	.0014	.0007	69	.0248	.0109
42	.0015	.0008			

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ACTUARIAL SCIENCES ASSOCIATES INC.

TABLE 8

Bell Atlantic Corporation

Annual Rates of Mortality For Management Service Pensioners

Management

Age x	Rates of Mortality during year of age x to x + 1 Male	Female	Age x	Rates of Mortality during year of age x to x + 1 Male	Female
45	.028	.022	78	.055	.038
46	.023	.018	79	.060	.042
47	.019	.015	80	.065	.047
48	.015	.012	81	.071	.052
49	.012	.010	82	.077	.054
50	.010	.008	83	.084	.064
51	.008	.007	84	.091	.071
52	.007	.006	85	.100	.079
53	.007	.006	86	.110	.087
54	.007	.005	87	.122	.096
55	.007	.006	88	.135	.105
56	.007	.006	89	.149	.116
57	.008	.006	90	.165	.127
58	.008	.007	91	.182	.140
59	.009	.007	92	.201	.155
60	.010	.008	93	.221	.172
61	.010	.008	94	.241	.192
62	.011	.009	95	.266	.213
63	.012	.009	96	.292	.236
64	.014	.010	97	.318	.262
65	.015	.011	98	.348	.291
66	.016	.011	99	.380	.323
67	.018	.013	100	.415	.358
68	.020	.014	101	.454	.357
69	.021	.015	102	.495	.441
70	.024	.017	103	.541	.488
71	.027	.019	104	.591	.541
72	.030	.021	105	.645	.599
73	.034	.023	106	.704	.664
74	.038	.025	107	.768	.736
75	.042	.028	108	.839	.815
76	.046	.031	109	.916	.903
77	.051	.034	110	1.000	1.000

For ages prior to 45, the mortality rate is assumed constant at that age value.

Exhibit 26-B

BELL ATLANTIC CORPORATION
1991 ACTUARIAL REPORT

1991 REGULATORY COSTS UNDER SFAS 106
THE BELL ATLANTIC
MEDICAL AND DENTAL
EXPENSE PLANS AND MEDICARE
PART B REIMBURSEMENT
(ASSOCIATE)

ACTUARIAL SCIENCES ASSOCIATES INC.

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ACTUARIAL SCIENCES ASSOCIATES INC.

BELL ATLANTIC CORPORATION

ACTUARIAL REPORT FOR 1991 REGULATORY COSTS UNDER SFAS 106

MEDICAL, DENTAL AND MEDICARE PART B REIMBURSEMENT (ASSOCIATE)

I. INTRODUCTION

This report provides the 1991 results of the third annual actuarial valuation for determining costs on an accrual basis for Bell Atlantic Medical and Dental Expense Plan Postretirement Health Care Benefits for Associate Retirees. This is the first actuarial valuation for Medicare Part B Reimbursement.

The results in this report reflect (1) the adoption of Statement of Financial Accounting Standards No. 106 (SFAS 106) as of January 1, 1991 and (2) the delayed recognition of the transition obligations as of January 1, 1991. The transition obligations were amortized on a straight-line basis over the average remaining service period of active plan participants. For the two years prior to 1991, costs on an accrual basis were determined for Medical and Dental Expense Plan benefits based on the aggregate cost method.

Results are shown separately for Medical, Dental and Medicare Part B Reimbursement to reflect the facts that Medical and Dental benefits are each separately funded and Medicare Part B Reimbursement benefits are unfunded.

Company contributions are made to the Bell Atlantic Retiree Health Trust (the "Trust"). Trust assets, benefit payments, investment income, company contributions and other items are accounted for separately for Medical and Dental Expense Plan benefits. The Trust was established on November 30, 1989 as a result of the 1989 collective bargaining agreements between Bell Atlantic Network Services Group Companies (the "Company") and both the Communication Workers of America (CWA) and the International Brotherhood of Electrical Workers (IBEW).

ACTUARIAL SCIENCES ASSOCIATES INC.

BELL ATLANTIC CORPORATION

ACTUARIAL REPORT FOR 1991 REGULATORY COSTS UNDER SFAS 106

MEDICAL, DENTAL AND MEDICARE PART B REIMBURSEMENT (ASSOCIATE)

I. INTRODUCTION (CONTINUED)

Company contributions were made in 1989 and 1990 in amounts equal to the costs determined on an accrual basis. The Company funding policy is to continue to make contributions on an accrual basis using the aggregate cost method.

II. SUMMARY OF RESULTS

The transition obligations and costs for 1991 are as follows (in $ thousands):

	1/1/91 Transition Obligations	1991 Costs
Medical	$1,232.820	$203.761
Dental	$63,520	$11.098
Medicare Part B Reimbursement	$112.080	$16.872

Details of the transition obligations and components of the costs are shown on Exhibits I and II, respectively.

The principal assumptions include the following:

- Discount Rate: 8.00%
- Expected Long Term Rate of Return on Plan Assets: 7.50%
- Health Care Trend Rates:
  - Medical
    Approximately 15% initially, grading down to an ultimate rate of approximately 5%

ACTUARIAL SCIENCES ASSOCIATES INC.

BELL ATLANTIC CORPORATION

ACTUARIAL REPORT FOR 1991 REGULATORY COSTS UNDER SFAS 106

MEDICAL, DENTAL AND MEDICARE PART B REIMBURSEMENT (ASSOCIATE)

II. SUMMARY OF RESULTS (CONTINUED)

- Dental
  4% in 1991 and 3.75% after 1991
- Medicare Part B Reimbursement 0%

▸ Pay Growth - Not Applicable

III. TRANSITION OBLIGATIONS

Exhibit I shows the development of the Transition Obligation for each of the three coverages.

In determining the Transition Obligations, the Accumulated Postretirement Benefit Obligations (APBO) for Medical and for Dental were reduced by the fair values of plan assets. The fair values of plan assets were adjusted to reflect the value of benefit payments incurred on or prior to December 31, 1990 but not paid as of that date.

IV. NET PERIODIC POSTRETIREMENT BENEFIT COSTS

Exhibit II shows the components of the net periodic postretirement benefit cost separately for Medical, Dental and Medicare Part B Reimbursement benefits.

The net periodic postretirement benefit costs are made up of the following components:

BELL ATLANTIC CORPORATION

ACTUARIAL REPORT FOR 1991 REGULATORY COSTS UNDER SFAS 106

MEDICAL, DENTAL AND MEDICARE PART B REIMBURSEMENT (ASSOCIATE)

IV. NET PERIODIC POSTRETIREMENT BENEFIT COSTS (CONTINUED)

- Service Cost
- Interest Cost
- (Expected Return on Plan Assets)
- Amortization of Transition Obligation
- Amortization of Prior Service Cost
- Amortization of (Gains) and Losses

There were no amortizations of gains and losses because 1991 was the first year for which costs were determined based on SFAS 106. In addition, no prior service costs were established in 1991. The transition obligations were amortized on a straight-line basis over the average remaining service period of active plan participants of 15.96 years.

V. MARKET-RELATED VALUES OF ASSETS

The market-related values of assets as of January 1, 1991 were set equal to the fair values of plan assets as of that date for Medical and for Dental coverages. There were no plan assets with respect to Medicare Part B Reimbursement.

BELL ATLANTIC CORPORATION

ACTUARIAL REPORT FOR 1991 REGULATORY COSTS UNDER SFAS 106

MEDICAL, DENTAL AND MEDICARE PART B REIMBURSEMENT (ASSOCIATE)

VI. COLLECTIVE BARGAINING AGREEMENTS

The 1989 collective bargaining agreements modified the postretirement medical coverage by introducing limitations on the Company's annual cost per retiree. The Company's annual cost per retiree for participants who retire on or after January 1, 1990 will not exceed the amounts ("Caps") below:

Category 1 — Retired Participants Under Age 65	
Individual Coverage	$2,850
Family Coverage	$4,860
Category 2 — Retired Participants Age 65 or Over	
Individual Coverage	$ 670
Family Coverage	$1,660

Participants who retire after 1989 will share in the cost to the extent that the average incurred claims exceed the Category 1 or Category 2 "Caps" above, whichever is appropriate. However, the cost sharing by such participants will not occur until the later of (1) 1993 or (2) the year after 1993 in which projected aggregate claims exceed the aggregate Company cost limits of Categories 1 and 2 combined. The projected aggregate claims for the purpose of determining cost sharing are to be determined pursuant to the methodology contained in the bargaining agreements.

BELL ATLANTIC CORPORATION

ACTUARIAL REPORT FOR 1991 REGULATORY COSTS UNDER SFAS 106

MEDICAL, DENTAL AND MEDICARE PART B REIMBURSEMENT (ASSOCIATE)

VII. ACTUARIAL COST METHOD

The actuarial cost method is prescribed by SFAS 106. The method is a version of the commonly used Projected Unit Credit Cost Method.

Under the prescribed method postretirement benefits are allocated to each year of service within the attribution period. The attribution period begins at date of hire, unless the plan's benefit formula grants credit for service only after a later date. The attribution period ends at the full eligibility date which is the date the employee has rendered all the service necessary to receive full benefits.

The APBO is the present value of the postretirement benefits assigned to years within the attribution period but prior to a certain date. For example, the APBO as of January 1, 1991 is the present value of postretirement benefits allocated to the years of service rendered prior to January 1, 1991.

The service cost is the present value of postretirement benefits assigned to the current year. For example, the 1991 service cost is the present value of benefits assigned to 1991.

The end of the attribution period has already occurred for active participants who have already reached their full eligibility date and for retired participants. As a result, the APBO for each of these two groups is the present value of all future postretirement benefits, and the service cost is zero.

BELL ATLANTIC CORPORATION

ACTUARIAL REPORT FOR 1991 REGULATORY COSTS UNDER SFAS 106

MEDICAL, DENTAL AND MEDICARE PART B REIMBURSEMENT (ASSOCIATE)

VIII. ASSUMPTIONS AS TO FUTURE EXPERIENCE

In order to determine the costs and APBO's under SFAS 106, it is necessary to estimate the postretirement benefits that will be paid in future years for currently active employees and retirees (including benefits to be paid for their eligible dependents) and to allocate benefits for active participants to the current year and to years of service rendered before the valuation date. The allocated benefits are then discounted for survivorship and interest to estimate their present values. The process involves the use of actuarial assumptions. The two most important assumptions are the discount rate and the health care cost trend rates. The primary assumptions also include withdrawal rates, disability rates, promotion rates, mortality rates and retirement rates for active employees and mortality rates for retired employees.

A. Discount Rates and Expected Long Term Rate of Return on Plan Assets

The discount rate for 1991 is 8% and the expected long term rate of return on plan assets is 7.5%. Both the 8% and 7.5% assumptions were also used to determine the Company's 1991 costs under SFAS 87 for the Bell Atlantic Pension Plan.

BELL ATLANTIC CORPORATION

ACTUARIAL REPORT FOR 1991 REGULATORY COSTS UNDER SFAS 106

MEDICAL, DENTAL AND MEDICARE PART B REIMBURSEMENT (ASSOCIATE)

VIII. ASSUMPTIONS AS TO FUTURE EXPERIENCE (CONTINUED)

B. Mortality, Withdrawal, Disability and Retirement Rates

The active mortality, withdrawal, and retirement rates and the postretirement mortality used to determine the present values of future health care benefits are the same rates that were used to determine the Company's 1991 costs under SFAS 87 for the Bell Atlantic Pension Plan. The active mortality and disability rates were revised from the prior year to reflect recent experience. In addition, the retiree mortality rates were revised to reflect the mortality rates contained in the 1991 Telecommunications Mortality Table. (The 1991 Telecommunications Mortality Table reflects recent retiree mortality experience in the Telecommunications Industry including retiree mortality experience of Bell Atlantic Associate retirees.) Tables 1 through 8 show the detailed assumptions.

The rates of separation from service shown on Tables 1 and 2 combine the mortality, withdrawal and disability rates.

C. Promotion Assumption

Beginning with this valuation, promotion assumptions were introduced to reflect the anticipated transfer of Associate employees to Management status. The promotion assumptions were also used in the determination of the Company contributions. The promotion assumptions are shown in Table 3.

BELL ATLANTIC CORPORATION

ACTUARIAL REPORT FOR 1991 REGULATORY COSTS UNDER SFAS 106

MEDICAL, DENTAL AND MEDICARE PART B REIMBURSEMENT (ASSOCIATE)

VIII. ASSUMPTIONS AS TO FUTURE EXPERIENCE (CONTINUED)

D. Health Care Cost Trend Rates

Both the medical and dental cost trend rates are shown in Exhibit V.

The approach used in this valuation for both Medical and Dental benefits is to apply annual health care cost trend rates to current claim costs per retiree in order to estimate claim costs per retiree in future years.

The medical cost trend rate assumptions start at 15% in 1991 (13.9% for ages 65 and over) and decline to an ultimate rate of 5.00% in 2003 (4.80% for ages 65 and over). Due to changes in Medicare with regard to Balance Billing and other legislated changes, certain medical trend rates were revised from the trend rates used in the prior year's valuation for determining Company contributions to the Retiree Health Trust. For example, the trend for ages 65 and over was revised to include a temporary decline during 1992-1993.

BELL ATLANTIC CORPORATION

ACTUARIAL REPORT FOR 1991 REGULATORY COSTS UNDER SFAS 106

MEDICAL, DENTAL AND MEDICARE PART B REIMBURSEMENT (ASSOCIATE)

VIII. ASSUMPTIONS AS TO FUTURE EXPERIENCE (CONTINUED)

The dental trend rate assumptions shown in Exhibit V are a blend of two components; one for Type A services and the other for Type B services. Type B services consist of the more expensive dental care services and are based on fixed fee schedules. The average incurred claims for Type B services are not expected to increase from year to year as much as those for the Type A services. Thus, the trend rate assumptions for Type B services are lower.

The health care cost trend rates do not take into consideration any anticipated changes in the demographic composition of the employees, retirees, or their eligible dependents. The trend rates also do not reflect any possible future changes in plan provisions or legislation.

Health care cost trend rates are not used with respect to Medicare Part B Reimbursement because the reimbursement is frozen at the 1991 Medicare Part B amount.

While it is not to be expected that any of the assumptions described above will prove to agree exactly with future experience, it is believed that the resulting costs and liabilities developed are reasonably accurate. The assumptions have been developed to be individually realistic.

BELL ATLANTIC CORPORATION

ACTUARIAL REPORT FOR 1991 REGULATORY COSTS UNDER SFAS 106

MEDICAL, DENTAL AND MEDICARE PART B REIMBURSEMENT (ASSOCIATE)

IX. CLAIM COSTS

The initial 1990 incurred claim costs per retiree are an essential input to the valuation. The input medical claim costs were compiled from actual 1988 and 1989 incurred claim experience for all retirees and their eligible dependents. The actual medical claim experience was provided by Blue Cross/Blue Shield of the National Capital Area. The following adjustments were made to the claim experience:

(1) The 1989 paid claim cost experience was adjusted to an estimated incurred basis to reflect 1989 incurred claims not yet paid as of February 28, 1991 but expected to be paid after that date.

(2) The claim costs were adjusted to reflect insurance carrier expenses and the experience of retirees participating in HMO's.

(3) The incurred claim costs were adjusted for changes in benefit provisions not fully reflected in the actual claim experience.

(4) Average 1989 incurred claim costs per retiree were determined from the adjusted incurred claims costs in item (3) and from the life counts taken from the retiree census data as of January 1, 1989 and January 1, 1990. The average incurred claims per retiree include both dependent and retiree claims because the surviving dependent claims cease to be financed by Company contributions shortly after the death of a retiree.

BELL ATLANTIC CORPORATION

ACTUARIAL REPORT FOR 1991 REGULATORY COSTS UNDER SFAS 106

MEDICAL. DENTAL AND MEDICARE PART B REIMBURSEMENT (ASSOCIATE)

IX. CLAIM COSTS (CONTINUED)

(5) The final 1989 incurred claim costs per retiree from item (4) were averaged with the expected 1989 incurred claim costs per retiree. The expected 1989 claim costs per retiree were determined by applying a trend assumption to the 1988 incurred claim costs per retiree derived from actual 1988 claim experience. The averaging of the actual and expected 1989 incurred claim costs per retiree is, in effect, an averaging of the actual and expected trend rates from 1988 to 1989. This smoothing technique tends to reduce the volatility of the actual medical trend experience and, consequently, also tends to reduce the volatility of Company costs from year to year.

The averaging method was not used with respect to incurred dental claim costs per retiree because of the lower volatility generally expected for these costs.

(6) The 1989 incurred claim costs per retiree were adjusted so as to be on a 1990 incurred basis by applying 1990 trend assumptions of approximately 14% for medical and 4% for dental.

BELL ATLANTIC CORPORATION

ACTUARIAL REPORT FOR 1991 REGULATORY COSTS UNDER SFAS 106

MEDICAL. DENTAL AND MEDICARE PART B REIMBURSEMENT (ASSOCIATE)

IX. CLAIM COSTS (CONTINUED)

For participants who retired prior to January 1, 1990, the average 1990 incurred claim costs per retiree shown in Exhibit VI are broken down by age group and sex to reflect differences in claim experience by age and sex and also to reflect the fact that dependency, and therefore dependent claims per retiree, vary significantly both by age and sex. Average claim costs per retiree which vary by age and sex are also appropriate to reflect differences in sex composition between retirees and actives.

Due to the nature of the "Caps", the average medical incurred claim costs for participants retiring after December 31, 1989 and who, therefore, could be affected by the "Caps", were determined for two groups: retirees under age 65 and retirees age 65 and over, with no additional analysis by age or sex. For future retirees, the 1990 average medical claim costs per retiree prior to the application of the trend assumptions are as follows:

Under Age 65	$4,120
Age 65 & over	$1.582

Average dental claims per retiree varying by age and sex group were used for both future retirees and current retirees.

X. PLAN PROVISIONS

The postretirement eligibility provisions for medical and dental coverage are described in Appendix A. The benefit provisions of the Medical Expense Plan, Dental Expense Plan and Medicare Part B Reimbursement with respect to postretirement benefits are summarized in Appendices B, C and D respectively.

BELL ATLANTIC CORPORATION

ACTUARIAL REPORT FOR 1991 REGULATORY COSTS UNDER SFAS 106

MEDICAL, DENTAL AND MEDICARE PART B REIMBURSEMENT (ASSOCIATE)

X. PLAN PROVISIONS (CONTINUED)

The provisions of the Medical Expense Plan vary depending on when a participant retires as follows:

Date of Retirement
- o Before 1990
- o After 1989

This report reflects benefit changes due to OBRA '90 and other recent legislation.

The valuation results reflect a Substantive Plan under which the Company and both current and future retirees who retire on or after January 1, 1990 are expected, in general, to share in future cost increases in medical benefits.

XI. DEMOGRAPHIC DATA

The valuation was based on active and retiree census data as of January 1, 1991. The census data are summarized as follows:

	Actives	Retirees Below Age 65	Retirees Age 65 and Over	Retirees Total
Number	52,561	8,020	13,944	21,964
Average Age	41.2	59.7	73.6	68.5
Average Service	16.7			

BELL ATLANTIC CORPORATION

ACTUARIAL REPORT FOR 1991 REGULATORY COSTS UNDER SFAS 106

MEDICAL. DENTAL AND MEDICARE PART B REIMBURSEMENT (ASSOCIATE)

XI. DEMOGRAPHIC DATA (CONTINUED)

The data for retirees are shown above separately for those below age 65 and for those age 65 and over because the Medical Expense Plan benefits expected to be paid are significantly different between these two age groups due to the fact that Medicare provides most of the coverage for those age 65 and over. Retirees include disability pensioners and service pensioners.

The data for dependents are not shown separately because the associated expected claims are included in average expected claim costs per retiree.

The census data include participants represented by the collective bargaining units and certain Associate participants not represented by a collective bargaining unit.

Bell Atlantic Corporation is the source of the data.

Demographic data were not available for disabled employees receiving Long Term Disability (LTD) benefits under the Company LTD Plan but who were ineligible for either disability or service pensions. However. the data did include claims paid for these employees: thus. they were reflected on an aggregate basis.

ACTUARIAL SCIENCES ASSOCIATES INC.

BELL ATLANTIC CORPORATION

ACTUARIAL REPORT FOR 1991 REGULATORY COSTS UNDER SFAS 106

MEDICAL, DENTAL AND MEDICARE PART B REIMBURSEMENT (ASSOCIATE)

XII. MEDICARE

As a result of OBRA '89 & '90, non-participating doctors will be limited in the amount that they can charge Medicare patients. As Bell Atlantic reimburses over-65 retirees for any expenses not paid for by Medicare, this "Balance Billing" will cause the medical cost trend to be reduced in 1992 and 1993.

XIII. ACTUARY'S STATEMENT

Calculations reported herein have been made on a basis consistent with my understanding of the Statement of Financial Accounting Standards No. 106 (SFAS 106). Determination for purposes other than meeting employer financial accounting requirements (such as for purposes of measuring participant benefit security) may differ significantly from the results contained in this report.

The plans were assumed to continue indefinitely; however, this assumption should not be construed to mean that Bell Atlantic has an obligation to continue the plans.

Respectfully Submitted,

Thomas G. Bainbridge

Thomas G. Bainbridge, ASA, MAAA
Vice President and Consulting Actuary

January 30, 1992

BELL ATLANTIC CORPORATION
ASSOCIATE
EXHIBIT I
TRANSITION OBLIGATIONS
($ THOUSANDS)

		Medical	Dental	Medicare Part B Reimbursement
1)	APBO 1/1/91	$1,412,354	$93,130	$112,080
2)	Plan Assets	195,514	30,073	0
3)	Incurred and Unreported Claims as of 12/31/90	15,980	463	0
4)	Net Plan Assets (2)-(3)	179,534	29,610	0
5)	Transition Obligation (1)-(4)	1,232,820	63,520	112,080

ACTUARIAL SCIENCES ASSOCIATES INC.

BELL ATLANTIC CORPORATION
ASSOCIATE
EXHIBIT II
COMPONENTS OF NET PERIODIC POSTRETIREMENT BENEFIT COSTS
($ THOUSANDS)
1991

		Medical	Dental	Medicare Part B Reimbursement	Total
1)	Service Cost	$ 29,338	$2,171	$ 957	$32,466
2)	Interest Cost	114,041	7,425	8,892	130,358
3)	Expected Return on Assets	16,862	2,478	0	19,340
4)	Amortization of Transition Obligation	77,244	3,980	7,023	88,247
5)	Amortization of Prior Service Cost	0	0	0	0
6)	Amortization of Gains and (Losses)	0	0	0	0
Total (1)+(2)-(3)+(4)+(5)-(6)		$203,761	$11,098	$16,872	$231,731

ACTUARIAL SCIENCES ASSOCIATES INC.

BELL ATLANTIC CORPORATION
ASSOCIATE
EXHIBIT III
ACCUMULATED POSTRETIREMENT BENEFIT OBLIGATIONS
($ THOUSANDS)

	Medical	Dental	Medicare Part B Reimbursement
Retirees	$ 688,381	$42,047	$ 72,204
Other Fully Eligible Plan Participants	158,074	16,640	18,019
Other Active Plan Participants	565,899	34,443	21,857
Total	$1,412,354	$93,130	$112,080

ACTUARIAL SCIENCES ASSOCIATES INC.

BELL ATLANTIC CORPORATION
ASSOCIATE
EXHIBIT IV
IMPACT OF 1% INCREASE IN HEALTH CARE TREND RATES
($ MILLIONS)

	Medical	Dental	Medicare Part B Reimbursement
1991 Combined Service Cost and Interest Cost	$ 26.1	$ 1.8	N/A
1/1/91 APBO	$220.0	$14.0	N/A

ACTUARIAL SCIENCES ASSOCIATES INC.

BELL ATLANTIC CORPORATION
ASSOCIATE
EXHIBIT V
HEALTH CARE COST TREND RATE ASSUMPTIONS

	Medical		Dental
Year	Below Age 65	Age 65 and Above	All Ages
1991	15.00%	13.90%	4.00%
1992	14.75%	7.45%	3.75%
1993	13.95%	10.05%	and thereafter
1994	12.85%	12.35%	
1995	12.10%	11.20%	
1996	11.10%	10.30%	
1997	9.50%	8.90%	
1998	8.00%	7.50%	
1999	7.00%	6.60%	
2000	6.25%	5.95%	
2001	5.75%	5.55%	
2002	5.25%	5.05%	
2003 & later	5.00%	4.80%	

BELL ATLANTIC CORPORATION
ASSOCIATE
EXHIBIT VI
1990 CLAIM COSTS PER RETIREE
(BY SEX AND QUINQUENNIAL AGE GROUP)

	Medical For Pre 1990 Retirees		Dental For All Retirees	
Age	Males	Females	Males	Females
Under 45	$18,190	$12,302	$527	$390
45-49	8,298	6,589	442	312
50-54	3,625	3,288	384	273
55-59	4,854	3,757	312	247
60-64	5,235	3,321	299	234
65-69	2,848	1,587	286	228
70-74	2,453	1,385	273	182
75-79	2,214	1,314	234	130
80-84	2,207	1,331	189	104
85-89	2,226	1,260	111	52
90-94	2,137	1,213	52	39
Over 94	2,011	1,218	33	13

	For Post 1989 Retirees
Under 65	$4,120
Over 64	$1,582

BELL ATLANTIC CORPORATION
ASSOCIATE
EXHIBIT VII
1990 AVERAGE MEDICARE PART B COSTS PER RETIREE*

	Part B For All Retirees	
Age	Males	Females
Under 60	$ 0	$ 0
60-64	0	96
65-69	474	474
70-74	632	439
75-79	608	401
80-84	594	377
85-89	542	374
90-94	477	363
Over 94	377	358

* Retiree and dependent claim costs per retiree

Exhibit 26-B

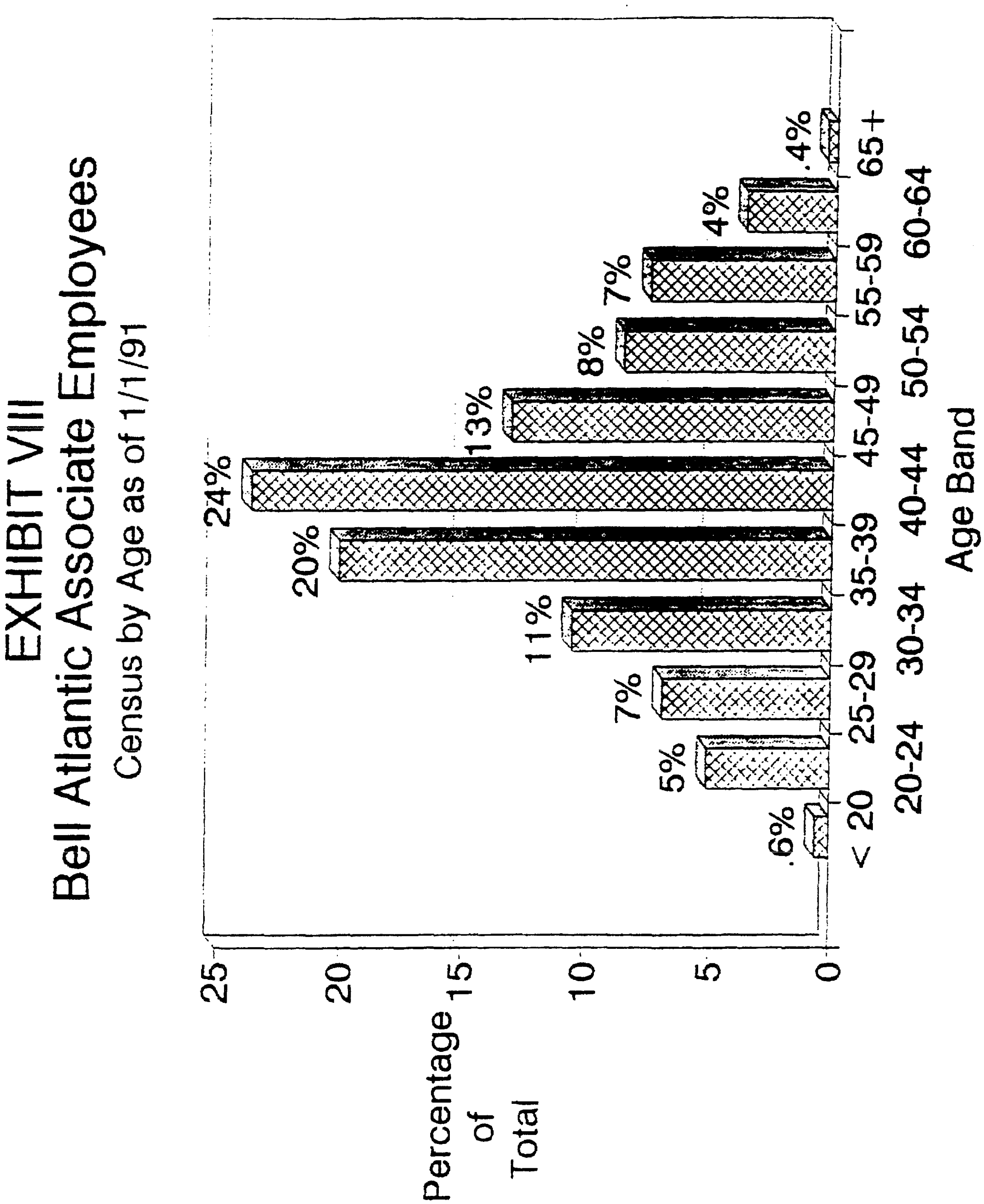
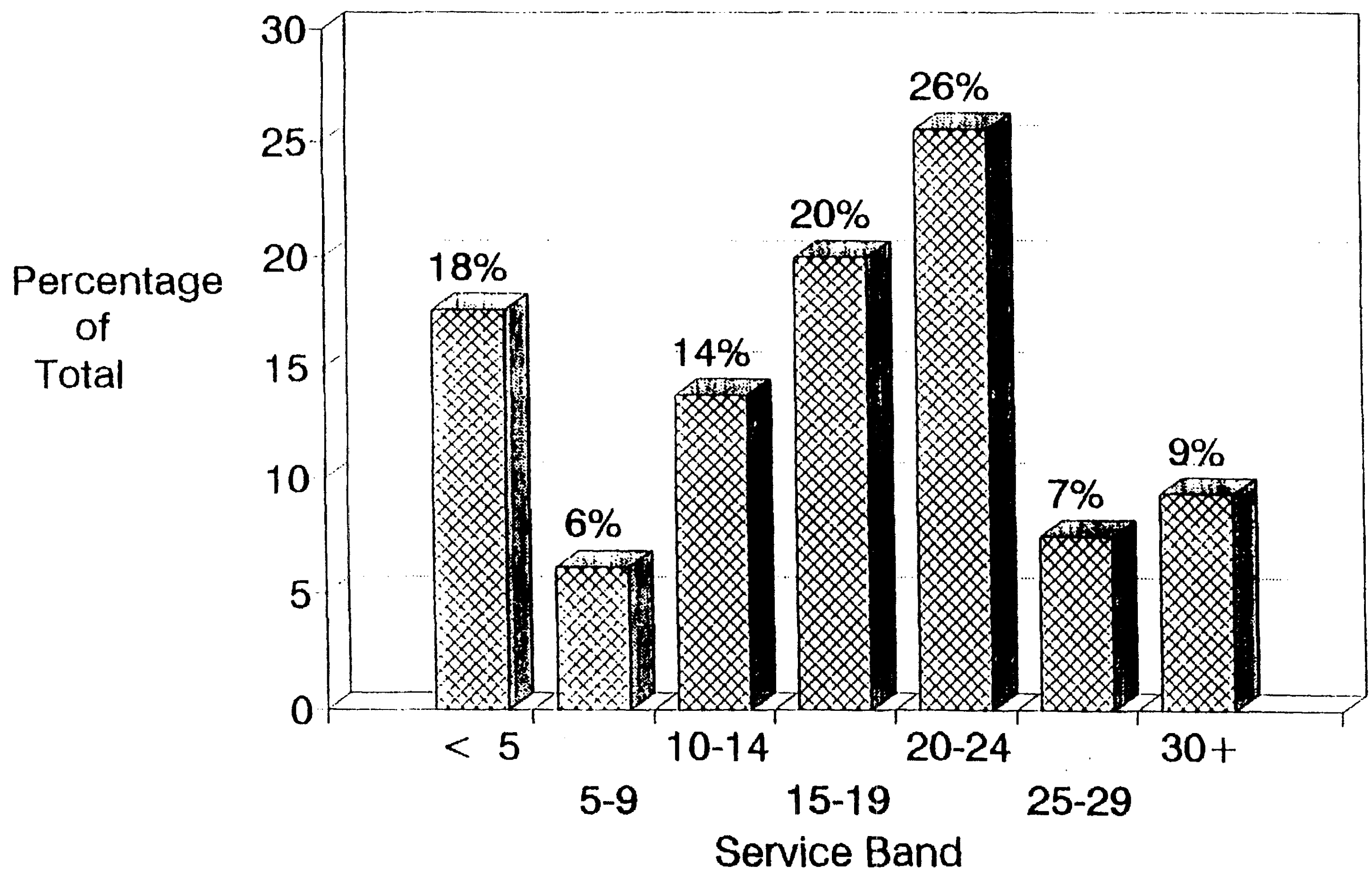


EXHIBIT VIII
Bell Atlantic Associate Employees
Census by Age as of 1/1/91
Percentage of Total
25
20
15
10
5
0
.6%
5%
7%
11%
20%
24%
13%
8%
7%
4%
.4%
< 20
20-24
25-29
30-34
35-39
40-44
45-49
50-54
55-59
60-64
65+
Age Band

EXHIBIT VIII (Continued)
Bell Atlantic Associate Employees
Census by Service as of 1/1/91



BELL ATLANTIC CORPORATION

ASSOCIATE

EXHIBIT VIII (Continued)

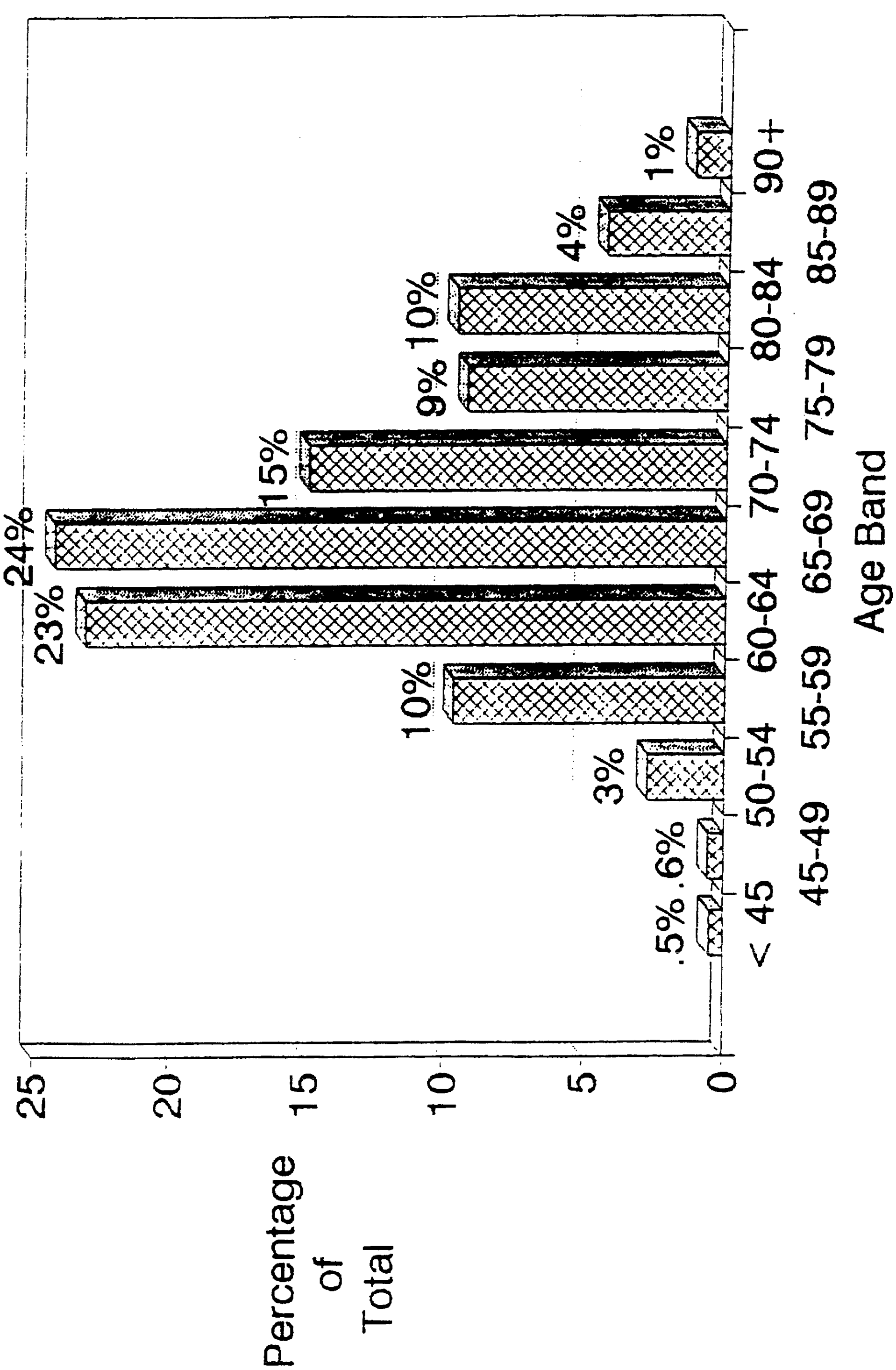
ACTIVE DATA BY AGE AND SERVICE

AS OF JANUARY 1, 1991

	Length of Service (Completed Years)							
Age	0-4	5-9	10-14	15-19	20-24	25-29	30 & Over	TOTAL
Under 20	304	0	0	0	0	0	0	304
20-24	2,659	34	0	0	0	0	0	2,693
25-29	2,466	874	290	0	0	0	0	3,630
30-34	1,499	1,116	2,598	306	0	0	0	5,519
35-39	1,097	617	2,284	4,792	1,758	0	0	10,548
40-44	728	296	1,098	3,282	6,456	559	0	12,419
45-49	304	145	439	954	2,932	1,877	207	6,858
50-54	135	89	277	570	1,213	863	1,344	4,491
55-59	71	28	148	392	683	412	2,225	3,959
60-64	21	21	82	195	341	211	1,066	1,937
Over 64	2	7	18	34	46	19	77	203
TOTAL	9,286	3,227	7,234	10,525	13,429	3,941	4,919	52,561

The Average Age is 41.2
The Average Length of Service is 16.7

EXHIBIT IX
Bell Atlantic Associate Retirees
Census by Age as of 1/1/91



BELL ATLANTIC CORPORATION
ASSOCIATE
EXHIBIT IX (Continued)
RETIREE* DATA BY AGE
AS OF JANUARY 1, 1991

Age	Male	Female	Total
Under 45	35	73	108
45-49	40	83	123
50-54	154	450	604
55-59	804	1,323	2,127
60-64	1,953	3,105	5,058
65-69	2,023	3,291	5,314
70-74	1,076	2,191	3,267
75-79	383	1,646	2,029
80-84	337	1,772	2,109
85-89	197	757	954
Over 89	57	214	271
TOTAL	7,059	14,905	21,964

The average age of the retirees is 68.5.

* Includes Service and Disability Pensioners.

Appendix A

BELL ATLANTIC CORPORATION
ASSOCIATE
SUMMARY OF POSTRETIREMENT PLAN ELIGIBILITY PROVISIONS

Retirement Eligibility

Age		Minimum Years of Service	Type of Retirement
65	and	10	Service Pension
60	and	15	Service Pension
55	and	20	Service Pension
50	and	25	Service Pension
Any Age	and	30	Service Pension
Any Age	and	15	Disability Pension

Long Term Disability Eligibility

Coverage is provided for employees who are disabled and entitled to Long Term Disability (LTD) benefits.

Dependent Eligibility

Under the Medical Expense Plan, there are four types of dependents who qualify for coverage; Class I dependents, Grandfathered Class II dependents, sponsored parents and sponsored children.

- Class I Dependents include:
  - spouses
  - unmarried children under age 20, or under age 24 if full-time students
  - unmarried children, regardless of age, who are physically or mentally handicapped and fully dependent on the retiree for financial support.

- Grandfathered Class II Dependents are dependents who were covered as Class II dependents before 1/1/90, and who are dependent on the retiree for support and have lived with the retiree for at least six months and have total income including Social Security less than the maximum per year stated in the plan. This category includes unmarried children who are not Class I dependents, brothers and sisters, parents and grandparents and unmarried grandchildren.

- A Sponsored Parent is a parent of a retiree (or his/her spouse) and meets the Grandfathered Class II Dependent criteria except that such parent was not covered as a Class II dependent before 1990. The retiree must pay the full cost of this coverage.

Appendix A

BELL ATLANTIC CORPORATION
ASSOCIATE
SUMMARY OF POSTRETIREMENT PLAN ELIGIBILITY PROVISIONS (Continued)

- A Sponsored Child is an unmarried child who is not eligible for coverage as a Class I or Grandfathered Class II dependent. Sponsored children can receive coverage if under age 24 regardless of income or residence. The retiree must pay the full cost of this coverage.

The Dental Expense Plan covers only Class I Dependents and Sponsored Children.

Appendix B

BELL ATLANTIC CORPORATION
ASSOCIATE
SUMMARY OF MEDICAL EXPENSE PLAN PROVISIONS

I. **For Associate Retirees** who retired before 1/1/90

Type of Expense	The Plan Pays
HOSPITAL CARE Inpatient Services: Semiprivate room, board, and services including critical care, intensive care and cardiac care units, and necessary supplies, tests and other care	100% for up to 120 days for each separate stay for most confinements with Pre-Admission Review (30 days for mental & nervous confinements). If Pre-Admission Review is not used: 0% if hospitalization was not medically necessary. 100% minus 1% of annual pension (maximum reduction of $250) if hospitalization was medically necessary.
Private room	100% if medically necessary. If not, only the charge for a semi-private room is covered. If there are only private rooms and private room confinement is not medically necessary, then coverage is at 90% of the private room rates.
Outpatient Services: Emergency Care	100% of the reasonable and customary charge if treatment is given: · within 72 hours after an accident or the onset of a sudden and serious illness.

ACTUARIAL SCIENCES ASSOCIATES INC.

Appendix B

BELL ATLANTIC CORPORATION
ASSOCIATE
SUMMARY OF MEDICAL EXPENSE PLAN PROVISIONS (Continued)

Type of Expense	The Plan Pays
Ambulatory Surgical Facility	100% of the facility charge.
Pre-Admission Testing	100% of the reasonable and customary charge for diagnostic laboratory services and x-ray examinations performed prior to surgery under an approved program.
SURGICAL CARE Surgery	100% of the reasonable and customary charge for selected procedures when the Second Surgical Opinion or Outpatient Surgery Program is used. 95% of the reasonable and customary charge for other surgeries. The other 5% of reasonable and customary charge will be covered under Other Covered Charges.
MEDICAL CARE Diagnostic X-Rays and Lab Tests (outside the hospital) Radiation Therapy Chemotherapy Electroshock Therapy Dialysis Treatment	100% of the reasonable and customary charge - subject to certain limitations.
Administration of Anesthesia In-Hospital Doctor's Visits In-Hospital Consultations	90% of the reasonable and customary charge - subject to certain limitations. The other 10%, up to 100% of the reasonable and customary charge, will be covered under "Other Covered Charges."

Appendix B

BELL ATLANTIC CORPORATION

ASSOCIATE

SUMMARY OF MEDICAL EXPENSE PLAN PROVISIONS (Continued)

Type of Expense	The Plan Pays
ALCOHOL TREATMENT PROGRAM FOR REHABILITATION	100% of charges for inpatient care if received in an approved program - up to 60 days for lifetime. Benefits apply only to the retiree and Class I Dependents.
OTHER COVERED CHARGES in excess of the annual deductible (The deductible per person equals 1% of the annual pension benefit but not more than $150 nor less than $25 per person per calendar year.)	80% of the reasonable and customary charges for most other covered expenses until "Other Covered Charges" total $5,000, then... 100% of any remaining covered expenses for the remainder of that calendar year. For non-hospital psychiatric care, the Plan pays 50% of the reasonable and customary charges.
MAXIMUM BENEFITS UNDER "OTHER COVERED CHARGES"	$50.000 in lifetime benefits for the retiree during retirement and for each covered dependent. These retirees had a one-time opportunity to purchase an additional coverage of $50,000. The first $3,500 of benefits each calendar year are not applied toward this maximum.
MAIL ORDER PRESCRIPTION DRUGS	100% of charges in excess of $8 for each prescription.

ACTUARIAL SCIENCES ASSOCIATES INC.

Appendix B

BELL ATLANTIC CORPORATION
ASSOCIATE
SUMMARY OF MEDICAL EXPENSE PLAN PROVISIONS (Continued)

II. **For Associate Retirees who retire on or after 1/1/90**

Same as Associate Retirees who retired before 1/1/90 except:

The deductible has been changed to apply also to hospital care charges.

Starting in 1993, the benefits are subject to employer cost caps as follows:

	Under Age 65	Age 65 & Over
Single Coverage	$2,850	$670
Family Coverage	$4,860	$1,660

Managed Care Networks (if available)

If a retiree chooses a Network provider, there is no deductible, co-payments are the same as above, and a $10 co-payment applies to physicians fees for office visits.

If a retiree does not use a Network provider, there is a $250 deductible, the Plan pays 80% of Network-negotiated fees for most covered services and there is an annual maximum of $1,500. Charges in excess of negotiated fees are not applied to the $1,500 maximum.

III. **All Retirees and eligible dependents Age 65 or Over:**

Benefits provided under the Plan are reduced by benefits available under Medicare.

IV. **Substantive Plan**

The Company costs developed in this report reflect a Substantive Plan with respect to Medical benefits. Under the Substantive Plan, the claims with respect to members who retired prior to 1990 (and their eligible dependents) would be 100% paid by the Company (other than the deductible and copayments) through the Bell Atlantic Retiree Health Trust. For employees who retire after 1989, a percentage of the average claim per retiree is expected to be paid by the Company through the Retiree Health Trust and all such retirees will be responsible for paying for that portion of the average claim not paid by the Company.

Appendix B

BELL ATLANTIC CORPORATION
ASSOCIATE
SUMMARY OF MEDICAL EXPENSE PLAN PROVISIONS (Continued)

The Company cost Caps per retiree negotiated in 1989 are expected to remain in effect at least through the end of 1995. Subsequently, it is anticipated that the Company cost caps will be increased during collective bargaining and ultimately stabilize at approximately 75% of average claims per retiree.

Appendix C

BELL ATLANTIC CORPORATION
ASSOCIATE
SUMMARY OF DENTAL EXPENSE PLAN PROVISIONS

Type of Expense	The Plan Pays
Type A Services Routine oral examinations Emergency examinations if medically necessary Prophylaxis (cleaning and scaling of teeth) Fluoride treatments Space maintainers (for dependent children under age 19 only) X-rays (dental X-rays, radiographs)	100% of the usual and prevailing charges.
Type B Services Restorations Oral surgery excluding procedures covered by the Medical Expense Plan Endodontics Periodontics Prosthodontics Orthodontics General anesthesia	Scheduled Amounts Only after a one time deductible of $50 for each covered retiree and eligible dependent.
Annual Maximum	$1,000 per person per calendar year.
Lifetime Orthodontia Maximum	$1,500 per person in addition to annual maximum.
Dental Maintenance Organization (DMO)	100% coverage for many services, 60% for major services (root canals, inlay/onlay, dentures anesthesia) and 50% for orthodontics. There are no deductibles, annual or lifetime maximums.

Appendix D

BELL ATLANTIC CORPORATION
ASSOCIATE
SUMMARY OF MEDICARE PART B REIMBURSEMENT PLAN PROVISIONS

- Reimbursement of Medicare Part B Premiums.
- Reimbursement is Frozen at the 1991 Part B Amount.
- Eligible Participants:
  - Current and Future Medicare Eligible Retired Associates.
  - Current and Future Medicare Eligible Class 1 Dependents of Retired Associates.

TABLE 1

Bell Atlantic Corporation

Annual Rates of Employee Separation From Service Before Eligibility to Service Retirement

Male Employees

Associate

Service in years t	Rates of separation during year t + .5 to t + 1.5 for employees entering service at specimen ages							
	15	20	25	30	35	40	45	50
0	.197	.185	.158	.135	.120	.115	.117	.120
1	.120	.110	.087	.068	.053	.044	.044	.045
2	.078	.070	.056	.046	.042	.040	.038	.039
3	.058	.051	.037	.034	.029	.030	.029	.027
4	.039	.035	.026	.026	.021	.025	.025	.024
5	.028	.026	.019	.021	.017	.021	.021	.024
6	.022	.021	.016	.017	.013	.018	.019	.022
7	.020	.019	.015	.015	.012	.016	.018	.022
8	.017	.016	.013	.014	.011	.014	.017	.026
9	.014	.014	.012	.012	.010	.014	.017	.029
10	.012	.012	.011	.011	.009	.014	.019	.034
11	.010	.010	.010	.011	.009	.014	.024	.037
12	.009	.010	.009	.010	.010	.016	.027	.043
13	.009	.010	.009	.010	.010	.016	.028	.050
14	.009	.010	.008	.009	.011	.018		
15	.009	.009	.008	.009	.011	.019		
16	.008	.008	.008	.009	.012	.020		
17	.007	.008	.008	.008	.012	.023		
18	.007	.008	.008	.008	.012	.026		
19	.006	.008	.007	.009				
20	.006	.008	.007	.010				
21	.006	.008	.007	.010				
22	.006	.008	.007	.010				
23	.006	.008	.007	.011				
24	.007	.007						
25	.007	.007						
26	.008	.007						
27	.008	.007						
28	.008	.007						

Note: Based on separations due to death, disability and withdrawal combined.

Exhibit 26-B

TABLE 2

Bell Atlantic Corporation

Annual Rates of Employee Separation From Service Before Eligibility to Service Retirement

Female Employees

Associate

Service in years t	Rates of separation during year t + .5 to t + 1.5 for employees entering service at specimen ages							
	15	20	25	30	35	40	45	50
0	.208	.194	.164	.136	.113	.096	.086	.087
1	.148	.139	.115	.094	.075	.063	.056	.060
2	.116	.107	.087	.067	.051	.039	.031	.033
3	.079	.081	.072	.056	.040	.034	.034	.031
4	.071	.071	.058	.045	.033	.030	.029	.031
5	.066	.064	.048	.037	.029	.028	.028	.030
6	.062	.057	.044	.029	.026	.026	.027	.030
7	.057	.050	.037	.025	.024	.024	.027	.030
8	.053	.046	.030	.023	.022	.023	.027	.032
9	.049	.042	.026	.023	.021	.023	.027	.032
10	.044	.039	.026	.022	.021	.022	.027	.034
11	.040	.035	.026	.022	.020	.022	.027	.040
12	.035	.031	.024	.022	.020	.022	.027	.045
13	.031	.027	.022	.022	.020	.022	.027	.054
14	.029	.026	.020	.021	.020	.021		
15	.026	.024	.020	.021	.020	.020		
16	.022	.021	.020	.020	.019	.020		
17	.020	.020	.020	.019	.019	.019		
18	.018	.018	.020	.019	.017	.019		
19	.018	.018	.018	.019				
20	.017	.018	.018	.019				
21	.017	.018	.017	.017				
22	.016	.017	.016	.015				
23	.016	.016	.015	.016				
24	.015	.014						
25	.015	.014						
26	.015	.014						
27	.014	.014						
28	.013	.013						

Note: Based on separations due to death, disability and withdrawal combined.

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ACTUARIAL SCIENCES ASSOCIATES INC.

TABLE 3

Bell Atlantic Corporation

Rates of Promotion from Associate to Management*

Associate

Service t	Rates of Promotion during year of service t - .5 to t + 1.5	Service t	Rates of Promotion during year of service t + .5 to t + 1.5
0	.0032	16	.0105
1	.0120	17	.0096
2	.0218	18	.0089
3	.0336	19	.0082
4	.0382	20	.0075
5	.0348	21	.0067
6	.0304	22	.0060
7	.0250	23	.0052
8	.0205	24	.0044
9	.0180	25	.0038
10	.0162	26	.0032
11	.0148	27	.0026
12	.0138	28	.0020
13	.0128	29	.0016
14	.0120	30	.0010
15	.0110	over 30	.0005

* Associate Plan Assumptions

Exhibit 26-B

TABLE 4

Bell Atlantic Corporation

Annual Rates of Retirement on Disability Pension

Associate

Age x	Rates of disability retirement during year of age x - .5 to x + 1.5		Age x	Rates of disability retirement during year of age x + .5 to x + 1.5	
	Male	Female		Male	Female
30	.0007	.0010	45	.0024	.0034
31	.0007	.0010	46	.0024	.0034
32	.0007	.0010	47	.0024	.0034
33	.0007	.0010	48	.0024	.0034
34	.0007	.0010	49	.0024	.0034
35	.0011	.0015	50	.0042	.0060
36	.0011	.0015	51	.0042	.0060
37	.0011	.0015	52	.0042	.0060
38	.0011	.0015	53	.0042	.0060
39	.0011	.0015	54	.0042	.0060
40	.0015	.0021	55	.0020	.0030
41	.0015	.0021	56	.0020	.0030
42	.0015	.0021	57	.0020	.0030
43	.0015	.0021	58	.0020	.0030
44	.0015	.0021	59	.0020	.0030

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ACTUARIAL SCIENCES ASSOCIATES INC.

TABLE 5

Bell Atlantic Corporation

Annual Rates of Retirement on Service Pension

Male Employees

Associate

Service in years t	Rates of retirement during year t + .5 to t + 1.5 for employees entering service at specimen ages							
	15	20	25	30	35	40	45	50
14							.0600	.5000
15							.0600	.3000
16							.0600	.3000
17							.0600	.3000
18							.0600	.3000
19					.0550	.0900	.5000	.9903
20					.0420	.0650	.3000	
21					.0300	.2090	.3000	
22					.0330	.2790	.3000	
23					.0410	.2060	.3000	
24			.0160	.0330	.0440	.5000	.9903	
25			.0150	.0260	.0560	.3000		
26			.0160	.0280	.2270	.3000		
27			.0170	.0360	.2930	.3000		
28			.0190	.0430	.2200	.3000		
29	.0210	.0280	.0320	.0500	.5000	.9903		
30	.0180	.0195	.0390	.0700	.3000			
31	.0195	.0270	.0430	.2540	.3000			
32	.0210	.0345	.0460	.3190	.3000			
33	.0225	.0390	.0540	.2350	.3000			
34	.0255	.0460	.0670	.5000	.9903			
35	.0270	.0530	.0880	.3000				
36	.0315	.0590	.2850	.3000				
37	.0375	.0640	.3540	.3000				
38	.0405	.0730	.2520	.3000				
39	.0520	.0910	.5000	.9903				
40	.0580	.1080	.3000					
41	.0620	.3300	.3000					
42	.0680	.3930	.3000					
43	.0790	.2720	.3000					
44	.0980	.5000	.9903					
45	.1160	.3000						
46	.3510	.3000						
47	.4110	.3000						
48	.2830	.3000						
49	.5000	.9903						
50	.3000							
51	.3000							
52	.3000							
53	.3000							
54	.9903							

Exhibit 26-B

TABLE 6

Bell Atlantic Corporation

Annual Rates of Retirement on Service Pension

Female Employees

Associate

Service in years t	Rates of retirement during year t + .5 to t + 1.5 for employees entering service at specimen ages							
	15	20	25	30	35	40	45	50
14							.1310	.5000
15							.1310	.3000
16							.1310	.3000
17							.1310	.3000
18							.1310	.3000
19					.1830	.2500	.5000	.9949
20					.1090	.1260	.3000	
21					.0950	.2840	.3000	
22					.0950	.3030	.3000	
23					.0980	.2640	.3000	
24			.0900	.1300	.1070	.5000	.9949	
25			.0510	.0850	.1100	.3000		
26			.0520	.0900	.2880	.3000		
27			.0550	.0950	.3100	.3000		
28			.0580	.1000	.2700	.3000		
29	.0600	.0780	.0800	.1110	.5000	.9949		
30	.0510	.0550	.0870	.1160	.3000			
31	.0510	.0650	.0930	.2960	.3000			
32	.0530	.0700	.0990	.3220	.3000			
33	.0590	.0830	.1050	.2790	.3000			
34	.0650	.0990	.1180	.5000	.9949			
35	.0710	.1040	.1260	.3000				
36	.0790	.1100	.3120	.3000				
37	.0860	.1140	.3460	.3000				
38	.0960	.1200	.2930	.3000				
39	.1170	.1320	.5000	.9949				
40	.1160	.1430	.3000					
41	.1210	.3400	.3000					
42	.1270	.3810	.3000					
43	.1330	.3120	.3000					
44	.1460	.5000	.9949					
45	.1550	.3000						
46	.3660	.3000						
47	.4080	.3000						
48	.3280	.3000						
49	.5000	.9949						
50	.3000							
51	.3000							
52	.3000							
53	.3000							
54	.9949							

ACTUARIAL SCIENCES ASSOCIATES INC.

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Exhibit 26-B

TABLE 7

Bell Atlantic Corporation

Annual Rates of Mortality Among Active Employees

Associate

Age x	Rates of Mortality during year of age x + .5 to x + 1.5		Age x	Rates of Mortality during year of age x + .5 to x + 1.5	
	Male	Female		Male	Female
15	.0003	.0001	43	.0017	.0008
16	.0003	.0001	44	.0019	.0009
17	.0003	.0002	45	.0022	.0010
18	.0004	.0002	46	.0025	.0011
19	.0004	.0002	47	.0028	.0012
20	.0004	.0002	48	.0031	.0014
21	.0004	.0002	49	.0035	.0015
22	.0004	.0002	50	.0039	.0016
23	.0004	.0002	51	.0043	.0018
24	.0004	.0002	52	.0048	.0019
25	.0005	.0003	53	.0052	.0021
26	.0005	.0003	54	.0057	.0023
27	.0005	.0003	55	.0061	.0025
28	.0005	.0003	56	.0066	.0028
29	.0006	.0003	57	.0071	.0031
30	.0006	.0003	58	.0077	.0034
31	.0006	.0004	59	.0084	.0038
32	.0007	.0004	60	.0092	.0042
33	.0007	.0004	61	.0101	.0047
34	.0008	.0004	62	.0111	.0052
35	.0009	.0005	63	.0124	.0058
36	.0009	.0005	64	.0139	.0064
37	.0010	.0005	65	.0156	.0071
38	.0010	.0006	66	.0176	.0078
39	.0011	.0006	67	.0198	.0087
40	.0012	.0007	68	.0222	.0097
41	.0014	.0007	69	.0248	.0109
42	.0015	.0008			

TABLE 8

Bell Atlantic Corporation

Annual Rates of Mortality For Associate Service Pensioners

Associate

Age x	Rates of Mortality during year of age x to x + 1		Age x	Rates of Mortality during year of age x to x + 1	
	Male	Female		Male	Female
45	.033	.022	78	.064	.038
46	.029	.018	79	.069	.042
47	.024	.015	80	.075	.047
48	.020	.012	81	.083	.052
49	.017	.010	82	.091	.054
50	.014	.008	83	.100	.064
51	.012	.007	84	.110	.071
52	.011	.006	85	.121	.079
53	.011	.006	86	.132	.087
54	.010	.005	87	.144	.096
55	.010	.006	88	.157	.105
56	.011	.006	89	.170	.116
57	.011	.006	90	.184	.127
58	.012	.007	91	.198	.140
59	.013	.007	92	.214	.155
60	.014	.008	93	.230	.172
61	.015	.008	94	.247	.192
62	.016	.009	95	.266	.213
63	.017	.009	96	.292	.236
64	.018	.010	97	.318	.262
65	.020	.011	98	.348	.291
66	.021	.011	99	.380	.323
67	.023	.013	100	.415	.358
68	.026	.014	101	.454	.357
69	.028	.015	102	.495	.441
70	.031	.017	103	.541	.488
71	.035	.019	104	.591	.541
72	.038	.021	105	.645	.599
73	.042	.023	106	.704	.664
74	.046	.025	107	.768	.736
75	.050	.028	108	.839	.815
76	.055	.031	109	.916	.903
77	.059	.034	110	1.000	1.000

For ages prior to 45, the mortality rate is assumed constant at that age value.

Exhibit 26-C

BELL ATLANTIC CORPORATION
1991 ACTUARIAL REPORT

1991 REGULATORY COSTS UNDER SFAS 106
THE BELL ATLANTIC
RETIREE GROUP LIFE INSURANCE PLAN

ACTUARIAL SCIENCES ASSOCIATES INC.

Exhibit 26-C

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ACTUARIAL SCIENCES ASSOCIATES INC.

BELL ATLANTIC CORPORATION

ACTUARIAL REPORT FOR 1991 REGULATORY COST UNDER SFAS 106

THE BELL ATLANTIC RETIREE GROUP LIFE INSURANCE PLAN

I. INTRODUCTION

This report provides the 1991 results of the annual actuarial valuation for determining the cost on an accrual basis for Bell Atlantic Retiree Group Life Insurance Plan.

The results in this report reflect (1) the adoption of Statement of Financial Accounting Standards No. 106 (SFAS 106) as of January 1, 1991 and (2) the delayed recognition of the transition asset as of January 1, 1991. The transition asset was amortized on a straight-line basis over the average remaining service period of active plan participants. For many years prior to 1991 costs have been determined on an accrual basis using the aggregate cost method.

Company contributions are made in amounts equal to the costs on an accrual basis except that contributions do not reflect death benefits in excess of $50,000 for those participants who were not "grandfathered" by the provisions of the Deficit Reduction Act (DEFRA) of 1984. (DEFRA is described in Appendix B.) The Company's current funding policy is to make contributions on an accrual basis in a tax effective manner based on the aggregate cost method.

II. SUMMARY OF RESULTS

The transition asset and cost for 1991 are as follows (in $ thousands):

1/1/91 Transition Asset	1991 Cost
$48.392	$3.069

BELL ATLANTIC CORPORATION

ACTUARIAL REPORT FOR 1991 REGULATORY COST UNDER SFAS 106

THE BELL ATLANTIC RETIREE GROUP LIFE INSURANCE PLAN

II. SUMMARY OF RESULTS (CONTINUED)

Details of the transition asset and the components of the cost are shown on Exhibits I and II, respectively.

The principal assumptions include the following:

- Discount Rate: 8.00%
- Expected Long Term Rate of Return on Plan Assets: 7.50%
- Pay Growth - 5.25%

III. TRANSITION OBLIGATION (ASSET)

Exhibit I shows the development of the Transition Obligation (Asset).

In determining the Transition Asset, the Accumulated Postretirement Benefit Obligation (APBO) was reduced by the fair values of plan assets. Since the assets exceeded the APBO this resulted in a Transition Asset.

IV. NET PERIODIC POSTRETIREMENT BENEFIT COST

Exhibit II shows the cost components of the net periodic postretirement benefit cost.

BELL ATLANTIC CORPORATION

ACTUARIAL REPORT FOR 1991 REGULATORY COST UNDER SFAS 106

THE BELL ATLANTIC RETIREE GROUP LIFE INSURANCE PLAN

IV. NET PERIODIC POSTRETIREMENT BENEFIT COST (CONTINUED)

The net periodic postretirement benefit cost is made up of the following components:

- Service Cost
- Interest Cost
- (Expected Return on Plan Assets)
- Amortization of Transition Asset
- Amortization of Prior Service Cost
- Amortization of (Gains) and Losses

There was no amortization of gains and losses because 1991 was the first year for which costs were determined based on SFAS 106. The transition asset was amortized on a straight-line basis over the average remaining service period of active plan participants of 16.48 years. No prior service cost was established in 1991.

V. MARKET-RELATED VALUES OF ASSETS

The market-related value of assets as of January 1, 1991 was set equal to the fair value of plan assets as of that date.

BELL ATLANTIC CORPORATION

ACTUARIAL REPORT FOR 1991 REGULATORY COST UNDER SFAS 106

THE BELL ATLANTIC RETIREE GROUP LIFE INSURANCE PLAN

VI. ACTUARIAL COST METHOD

The actuarial cost method is prescribed by SFAS 106. The method is a version of the commonly used Projected Unit Credit Cost Method.

Under the prescribed method, postretirement benefits are allocated to each year of service within the attribution period. The attribution period begins at date of hire unless the plan's benefit formula grants credit for service only after a later date. The attribution period ends at the full eligibility date which is the date the employee has rendered all the service necessary to receive full benefits.

The APBO is the present value of the benefits assigned to years within the attribution period but prior to a certain date. For example, the APBO as of January 1, 1991 is the present value of postretirement benefits allocated to the years of service rendered prior to January 1, 1991.

The service cost is the present value of postretirement benefits assigned to the current year. For example, the 1991 service cost is the present value of benefits assigned to 1991.

The end of the attribution period has already occurred for active participants who have already reached their full eligibility date and for retired participants. As a result, the APBO for each of these two groups is the present value of all future postretirement benefits, and the service cost is zero.

BELL ATLANTIC CORPORATION

ACTUARIAL REPORT FOR 1991 REGULATORY COST UNDER SFAS 106

THE BELL ATLANTIC RETIREE GROUP LIFE INSURANCE PLAN

VII. ASSUMPTIONS AS TO FUTURE EXPERIENCE

In order to determine the cost and APBO under SFAS 106, it is necessary to estimate the postretirement benefits that will be paid in future years for currently active employees and retirees and to allocate benefits for active participants to the current year and to years of service rendered before the valuation date. The allocated benefits are then discounted for survivorship and interest to estimate their present values. The process involves the use of actuarial assumptions. The two most important assumptions are the discount rate and the pay growth assumptions. The primary assumptions also include withdrawal rates, disability rates, mortality rates and retirement rates for active employees and mortality rates for retired employees.

A. Discount Rates and Expected Long Term Rate of Return on Plan Assets

The discount rate for 1991 is 8% and the expected long term rate of return on plan assets is 7.5%. Both the 8% and 7.5% assumptions were also used to determine the Company's 1991 costs under SFAS 87 for the Bell Atlantic Management Pension Plan and the Bell Atlantic Pension Plan.

BELL ATLANTIC CORPORATION

ACTUARIAL REPORT FOR 1991 REGULATORY COST UNDER SFAS 106

THE BELL ATLANTIC RETIREE GROUP LIFE INSURANCE PLAN

VII. ASSUMPTIONS AS TO FUTURE EXPERIENCE (CONTINUED)

B. Mortality, Withdrawal, Disability and Retirement Rates

The active mortality, withdrawal, and retirement rates and the postretirement mortality rates used to determine the present values of future postretirement Group Life Insurance benefits are the same rates that were used to determine the Company's 1991 costs under SFAS 87 for the Bell Atlantic Management Pension Plan and the Bell Atlantic Pension Plan. The active mortality and disability rates were revised from the prior year to reflect recent experience. In addition, the retiree mortality rates were revised to reflect the mortality rates contained in the 1991 Telecommunications Mortality Table. (The 1991 Telecommunications Mortality Table reflects recent retiree mortality experience in the Telecommunications Industry including retiree mortality experience of Bell Atlantic Management and Associate retirees.) Tables 1 through 23 show the detailed assumptions.

The rates of separation from service shown on Tables 1 and 2 for Management, Tables 9 and 10 for Associate and Tables 17 and 18 for Enterprises combine the mortality, withdrawal and disability rates.

C. Expenses

The cost and APBO include a margin to cover the insurance carrier administrative expenses.

BELL ATLANTIC CORPORATION

ACTUARIAL REPORT FOR 1991 REGULATORY COST UNDER SFAS 106

THE BELL ATLANTIC RETIREE GROUP LIFE INSURANCE PLAN

VII. ASSUMPTIONS AS TO FUTURE EXPERIENCE (CONTINUED)

While it is not to be expected that any of the assumptions described above will prove to agree exactly with future experience, it is believed that the resulting costs and liabilities developed are reasonably accurate. The assumptions have been developed to be individually realistic.

VIII. PLAN PROVISIONS

The postretirement Group Life Insurance eligibility and benefit provisions are described in Appendix A. The valuation takes into consideration death benefits in excess of the $50,000 limit set by the Deficit Reduction Act of 1984 (DEFRA). Certain participants are grandfathered and, accordingly, are not affected by DEFRA. The relative provisions of DEFRA are summarized in Appendix B.

IX. DEMOGRAPHIC DATA

The valuation was based on active and retiree census data as of January 1, 1991. The census data are summarized as follows:

	Actives*	Retirees**
Number	74,958	38,480
Average Age	41.8	67.9
Average Service	17.5	
Average Pay	36.200	

* Includes key employees. Key employees are included in value of the SFAS 106 Cost and APBO but are excluded in the determination of the company contributions.

** Includes retired employees who were key employees at the time of retirement.

ACTUARIAL SCIENCES ASSOCIATES INC.

BELL ATLANTIC CORPORATION

ACTUARIAL REPORT FOR 1991 REGULATORY COST UNDER SFAS 106

THE BELL ATLANTIC RETIREE GROUP LIFE INSURANCE PLAN

IX. DEMOGRAPHIC DATA (CONTINUED)

Exhibits IV and V provide detailed distributions of the active and retired participants, respectively.

Bell Atlantic Corporation is the source of the data.

X. ACTUARY'S STATEMENT

Calculations reported herein have been made on a basis consistent with my understanding of the Statement of the Financial Accounting Standards No. 106 (SFAS 106). Determination for purposes other than meeting employer financial accounting requirements (such as for purposes of measuring participant benefit security) may differ significantly from the results contained in this report.

The plans were assumed to continue indefinitely; however, this assumption should not be construed to mean that Bell Atlantic has an obligation to continue the plans.

Respectfully Submitted,

Thomas G. Bainbridge

Thomas G. Bainbridge, ASA, MAAA
Vice President and Consulting Actuary

January 30, 1992

BELL ATLANTIC CORPORATION
GROUP LIFE INSURANCE
EXHIBIT I
TRANSITION OBLIGATION (ASSET)
($ THOUSANDS)

1)	APBO 1/1/91	$381,042
2)	Plan Assets	429,434
3)	Transition Obligation (Asset) (1)-(2)	($48,392)

ACTUARIAL SCIENCES ASSOCIATES INC.

BELL ATLANTIC CORPORATION
GROUP LIFE INSURANCE
EXHIBIT II
COMPONENTS OF NET PERIODIC POSTRETIREMENT BENEFIT COST
($ THOUSANDS)
1991

		Net Periodic Postretirement Benefit Cost
1)	Service Cost	$ 7,197
2)	Interest Cost	30,485
3)	Expected Return on Assets	31,677
4)	Amortization of Transition Asset	2,936
5)	Amortization of Prior Service Cost	0
6)	Amortization of Gains and (Losses)	0
Total (1)+(2)-(3)-(4)+(5)-(6)		$3,069

ACTUARIAL SCIENCES ASSOCIATES INC.

BELL ATLANTIC CORPORATION
GROUP LIFE INSURANCE
EXHIBIT III
ACCUMULATED POSTRETIREMENT BENEFIT OBLIGATION
($ THOUSANDS)

	APBO
Retirees	$189,829
Other Fully Eligible Plan Participants	50,191
Other Active Plan Participants	141,022
Total	$381,042

ACTUARIAL SCIENCES ASSOCIATES INC.

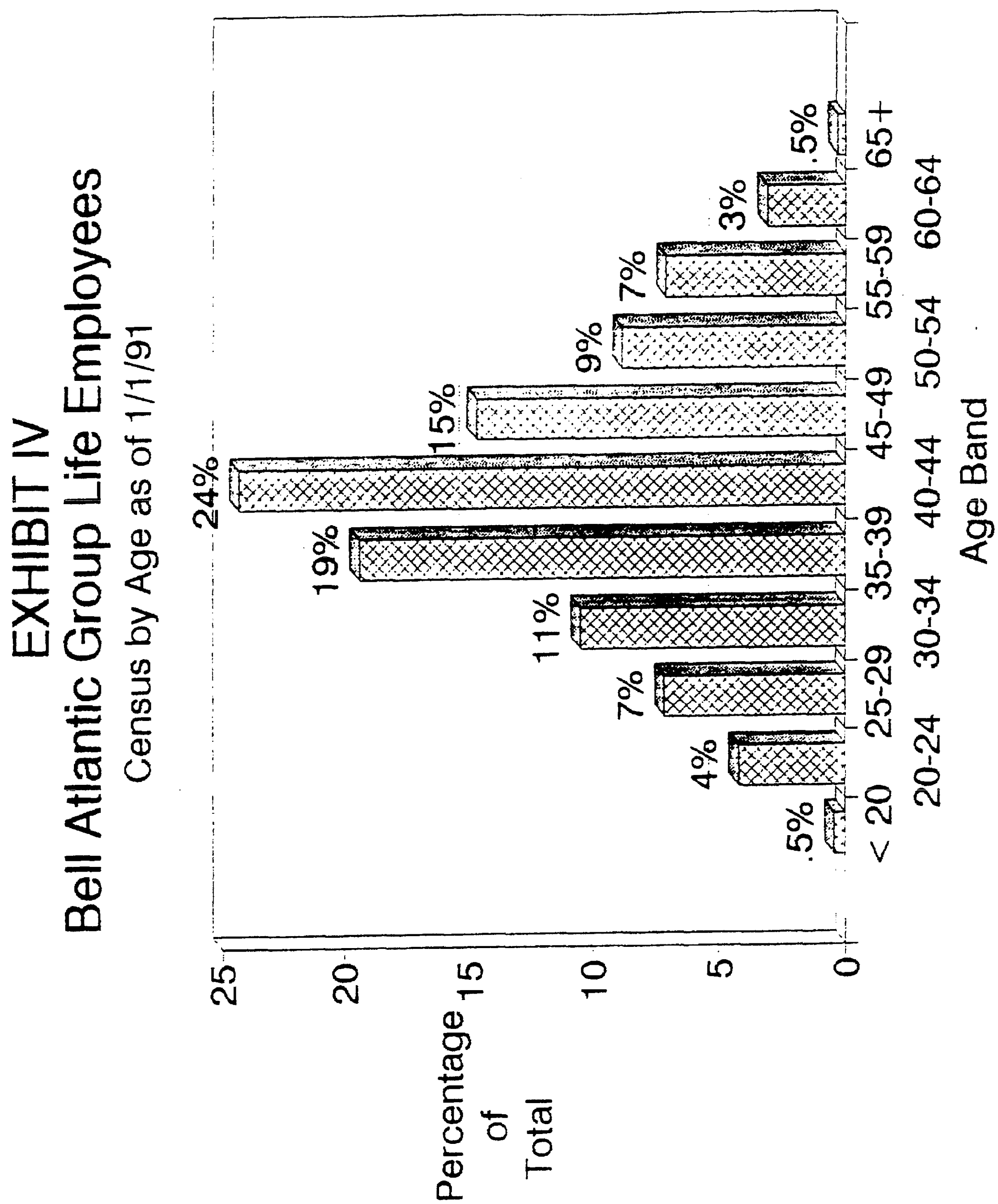


EXHIBIT IV
Bell Atlantic Group Life Employees
Census by Age as of 1/1/91
Percentage of Total
25
20
15
10
5
0
.5%
4%
7%
11%
19%
24%
15%
9%
7%
3%
.5%
< 20
20-24
25-29
30-34
35-39
40-44
45-49
50-54
55-59
60-64
65+
Age Band

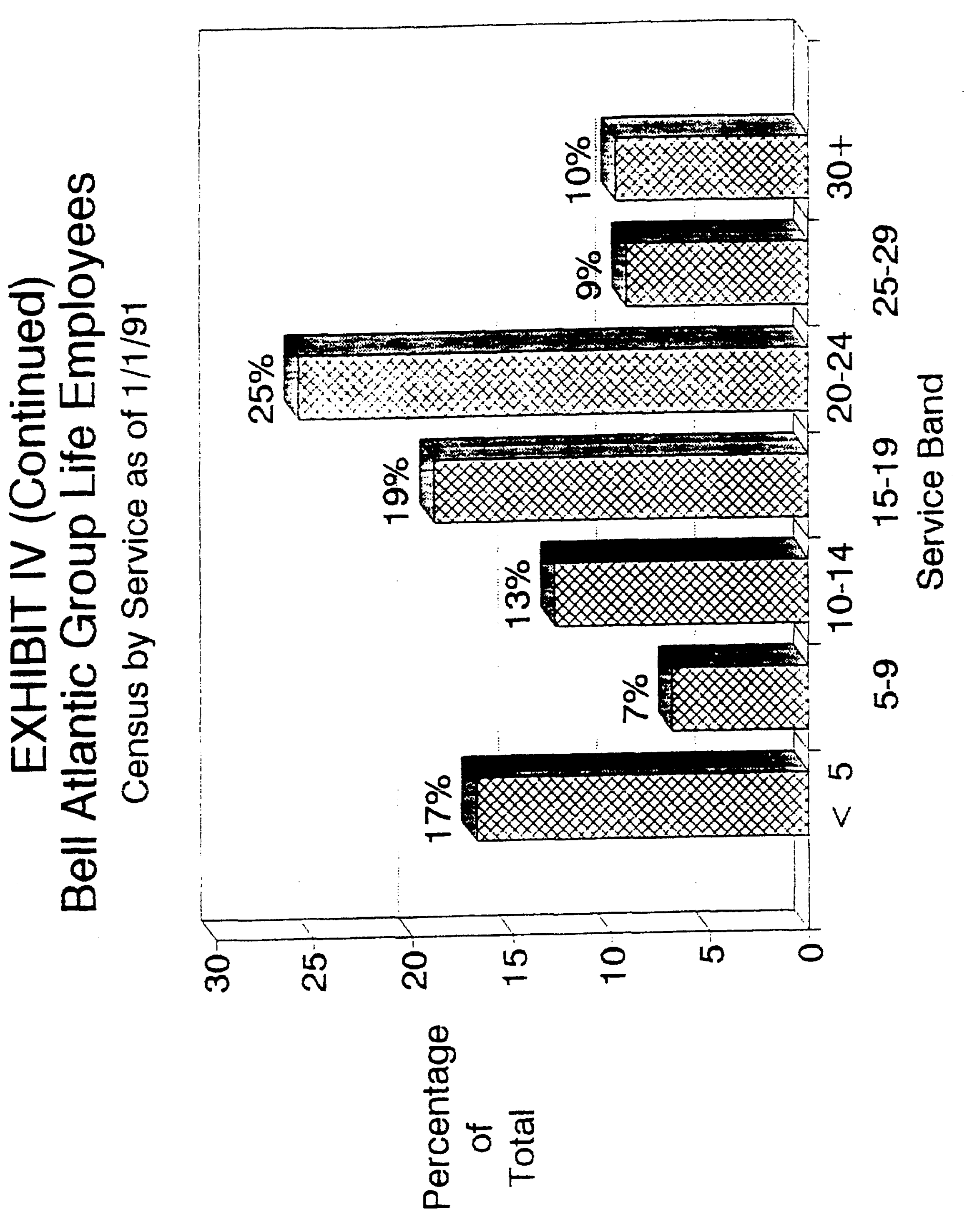


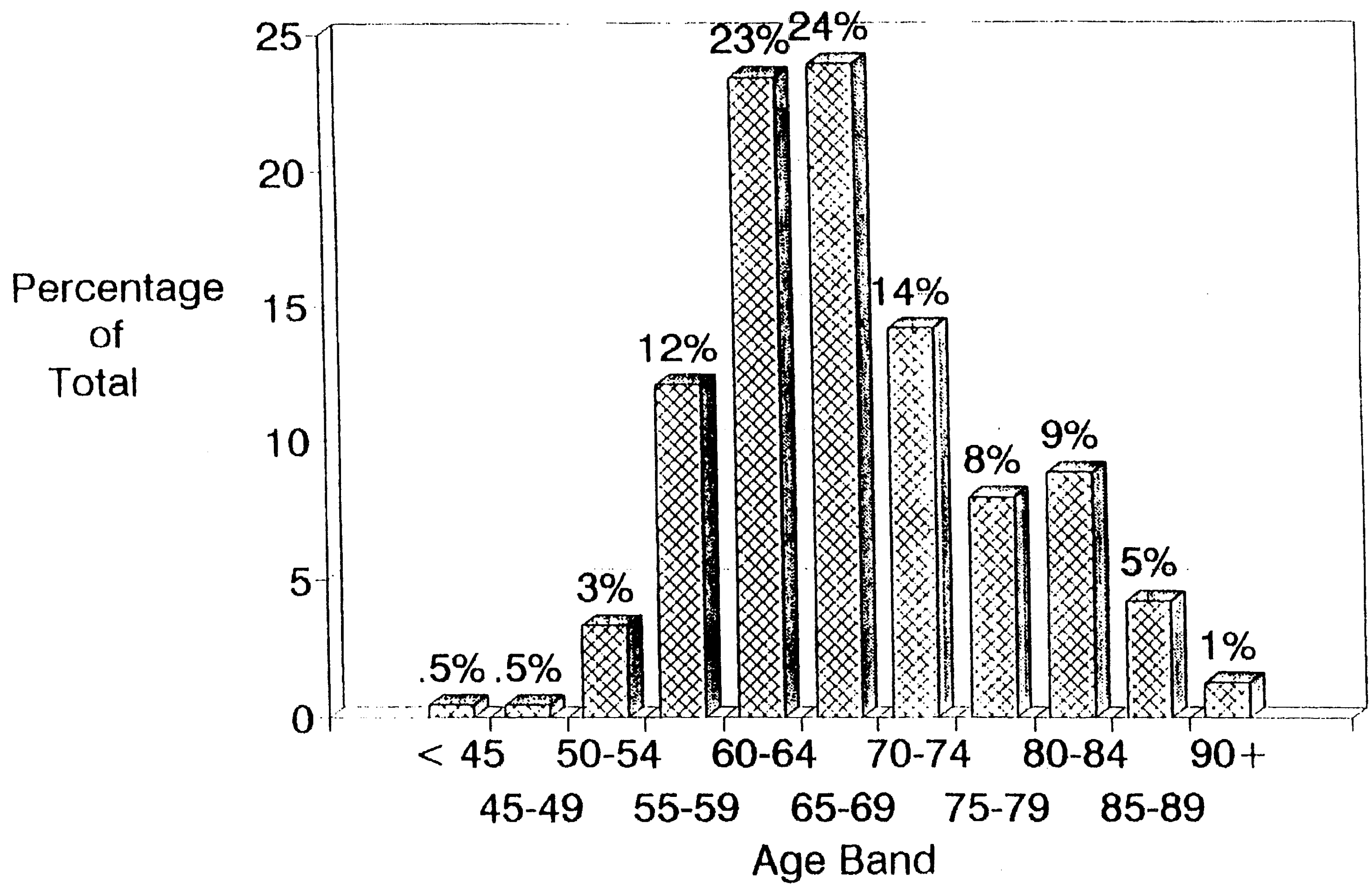
EXHIBIT IV (Continued)
Bell Atlantic Group Life Employees
Census by Service as of 1/1/91
Percentage of Total
0
5
10
15
20
25
30
17%
7%
13%
19%
25%
9%
10%
< 5
5-9
10-14
15-19
20-24
25-29
30+
Service Band

BELL ATLANTIC CORPORATION
GROUP LIFE INSURANCE
EXHIBIT IV (Continued)
ACTIVE DATA BY AGE AND SERVICE
AS OF JANUARY 1, 1991

	Length of Service (Completed Years)							
Age	0-4	5-9	10-14	15-19	20-24	25-29	30 & Over	TOTAL
Under 20	312	0	0	0	0	0	0	312
20-24	3,127	40	0	0	0	0	0	3,167
25-29	3,732	1,288	356	0	0	0	0	5,376
30-34	2,171	1,839	3,430	423	0	0	0	7,863
35-39	1,478	1,002	3,115	6,479	2,464	0	0	14,538
40-44	991	528	1,507	4,570	9,524	1,074	0	18,194
45-49	445	248	582	1,282	4,447	3,624	392	11,020
50-54	192	139	346	672	1,596	1,415	2,263	6,623
55-59	94	43	174	448	802	521	3,242	5,324
60-64	37	28	94	221	383	236	1,311	2,310
Over 64	4	11	25	36	49	19	87	231
TOTAL	12,583	5,166	9,629	14,131	19,265	6,889	7,295	74,958

The Average Age is 41.8.
The Average Length of Service is 17.5.

EXHIBIT V
Bell Atlantic Group Life Retirees
Census by Age as of 1/1/91



BELL ATLANTIC CORPORATION
GROUP LIFE INSURANCE
EXHIBIT V (Continued)
RETIREE* DATA BY AGE
AS OF JANUARY 1, 1991

Age	Male	Female	Total
Under 45	55	101	156
45-49	55	118	173
50-54	474	820	1,294
55-59	2,455	2,196	4,651
60-64	4,567	4,438	9,005
65-69	4,653	4,531	9,184
70-74	2,426	3,017	5,443
75-79	839	2,205	3,044
80-84	917	2,483	3,400
85-89	552	1,084	1,636
Over 89	151	343	494
TOTAL	17,144	21,336	38,480

The average age of the retirees is 67.9

* Includes Service and Disability Pensioners.

Appendix A

BELL ATLANTIC CORPORATION
GROUP LIFE INSURANCE
SUMMARY OF POSTRETIREMENT ELIGIBILITY AND BENEFIT PROVISIONS

ELIGIBILITY

Under the current provisions of the plan all present retirees and active employees upon retirement are covered by group life insurance during retirement. In order to be eligible for coverage during retirement an employee must retire and be granted a Service or Disability Pension by the Company.

The retirement eligibility requirements are as follows:

Retirement Eligibility

Age		Minimum Years of Service	Type of Retirement
65	and	10	Service Pension
60	and	15	Service Pension
55	and	20	Service Pension
50	and	25	Service Pension
Any Age	and	30	Service Pension
Any Age	and	15	Disability Pension

INSURANCE AMOUNTS DURING ACTIVE EMPLOYMENT

The Plan provides Basic Group Life Insurance and Accidental Death and Dismemberment Insurance during active employment. However, this report does not cover that insurance.

Appendix A

BELL ATLANTIC CORPORATION
GROUP LIFE INSURANCE
SUMMARY OF POSTRETIREMENT ELIGIBILITY AND BENEFIT PROVISIONS
(Continued)

INSURANCE AMOUNTS DURING RETIREMENT

For future retirements, the Basic Group Life Insurance after retirement will equal the annual rate of basic pay at retirement rounded to the next higher $1,000 times the following percentage:

Age	Percentage
65 or less	100%
66	90%
67	80%
68	70%
69	60%
70 or more	50%

"Annual basic pay" means annual rate of pay including bonuses, incentives and merit awards when they are a permanent part of compensation. Tour differentials and any differentials regarded as temporary or extra payments are excluded.

There is no AD&D insurance after retirement.

Appendix B

BELL ATLANTIC CORPORATION
GROUP LIFE INSURANCE
SUMMARY OF DEFICIT REDUCTION ACT OF 1984

INTERNAL REVENUE CODE REQUIREMENTS

The enactment of the Deficit Reduction Act (DEFRA) on July 18, 1984 applied new rules and regulations to welfare benefit plans for tax years ending after December 31, 1985. The legislation added strict deduction rules that will limit the annual contributions made by employers to prefund welfare benefits. The legislation also established nondiscrimination requirements for welfare benefit plans similar to those traditionally applied to qualified retirement plans. Under DEFRA's definition, Bell Atlantic's basic group life insurance program is categorized as a welfare benefit plan since DEFRA applies to a welfare benefit plan maintaining retired lives reserves or similar accounts held for an employer by an insurance company.

Key Employees

If an employee participating in a postretirement life insurance plan maintained by an employer is a key employee, a separate account must be established for prefunding any postretirement life insurance benefits provided to that employee.

Appendix B

BELL ATLANTIC CORPORATION
GROUP LIFE INSURANCE
SUMMARY OF DEFICIT REDUCTION ACT OF 1984 (Continued)

$50,000 Cap On Funded Postretirement Benefit

The legislation indicates that contributions to prefund retiree life insurance coverage are deductible only to the extent that they are used to provide the first $50,000 of coverage unless the employee is grandfathered under DEFRA. An employee is grandfathered when the employee retires, if the employee attained age 55 on or before January 1, 1984, and either retired on or before that date or worked for the employer maintaining the group term life insurance plan any time during 1983. Bell Atlantic's basic group life insurance plan satisfies DEFRA's requirements. The active fund (pay-as-you-go) is used to pay Basic and AD&D death claims for all active employees, all (active & retired) death claims to key employees, and death claims in excess of $50,000 paid to retirees who are not grandfathered. Key employees' postretirement life insurance benefits are not prefunded by Bell Atlantic and therefore, there is no need to set up separate accounts.

Exhibit 26-C

TABLE 1

Bell Atlantic Corporation

Annual Rates of Employee Separation From Service Before Eligibility To Service Retirement

Male Employees

Management

Service in years t	Rates of separation during year t + .5 to t + 1.5 for employees entering service at specimen ages							
	15	20	25	30	35	40	45	50
0	.104	.105	.105	.102	.096	.091	.088	.088
1	.073	.072	.070	.066	.062	.059	.058	.058
2	.045	.045	.044	.042	.040	.037	.034	.035
3	.019	.026	.032	.032	.025	.025	.030	.030
4	.017	.019	.027	.025	.018	.020	.021	.025
5	.013	.016	.024	.021	.016	.016	.018	.021
6	.012	.014	.021	.018	.016	.015	.015	.018
7	.011	.013	.018	.016	.016	.012	.013	.022
8	.009	.011	.016	.015	.016	.012	.012	.026
9	.009	.010	.013	.014	.013	.010	.013	.029
10	.008	.008	.012	.013	.012	.009	.016	.033
11	.008	.008	.010	.011	.010	.008	.018	.037
12	.008	.008	.009	.009	.008	.009	.022	.043
13	.007	.007	.008	.008	.008	.011	.026	.049
14	.007	.007	.008	.006	.008	.010		
15	.006	.006	.006	.005	.006	.007		
16	.005	.005	.006	.005	.006	.008		
17	.005	.005	.004	.004	.006	.009		
18	.004	.004	.004	.004	.007	.009		
19	.004	.004	.004	.005				
20	.004	.004	.004	.005				
21	.004	.004	.005	.006				
22	.004	.003	.004	.006				
23	.004	.003	.004	.007				
24	.004	.003						
25	.004	.004						
26	.004	.004						
27	.004	.004						
28	.004	.004						

Note: Based on separations due to death, disability and withdrawal combined.

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ACTUARIAL SCIENCES ASSOCIATES INC.

Exhibit 26-C

TABLE 2

Bell Atlantic Corporation

Annual Rates of Employee Separation From Service Before Eligibility to Service Retirement

Female Employees

Management

Service in years t	Rates of separation during year t + .5 to t + 1.5 for employees entering service at specimen ages							
	15	20	25	30	35	40	45	50
0	.095	.095	.094	.092	.088	.084	.079	.079
1	.083	.082	.077	.072	.068	.064	.063	.065
2	.070	.069	.065	.057	.047	.039	.032	.031
3	.058	.058	.056	.046	.029	.025	.026	.031
4	.050	.051	.052	.038	.020	.018	.020	.030
5	.042	.044	.047	.032	.017	.013	.015	.029
6	.040	.040	.042	.027	.015	.012	.013	.028
7	.040	.038	.031	.024	.015	.012	.012	.021
8	.039	.034	.024	.017	.015	.012	.012	.024
9	.036	.030	.021	.014	.013	.012	.012	.029
10	.034	.027	.018	.013	.013	.013	.013	.029
11	.030	.023	.016	.010	.012	.013	.014	.028
12	.026	.020	.016	.010	.010	.014	.015	.028
13	.023	.019	.015	.010	.009	.015	.015	.028
14	.019	.017	.013	.008	.006	.011		
15	.016	.015	.011	.006	.005	.007		
16	.012	.011	.010	.005	.005	.007		
17	.010	.009	.007	.004	.005	.006		
18	.008	.008	.006	.004	.005	.005		
19	.006	.006	.006	.004				
20	.006	.006	.005	.005				
21	.006	.006	.005	.005				
22	.006	.004	.003	.005				
23	.006	.004	.003	.005				
24	.005	.004						
25	.005	.003						
26	.004	.003						
27	.003	.003						
28	.003	.003						

Note: Based on separations due to death disability and withdrawal combined.

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ACTUARIAL SCIENCES ASSOCIATES INC.

Exhibit 26-C

TABLE 3

Bell Atlantic Corporation

Annual Rates of Transfer from Associate to Management*

Management

Service t	Rates of Promotion during year of service t + .5 to t + 1.5	Service t	Rates of Promotion during year of service t + .5 to t + 1.5
0	.0116	16	.0316
1	.0633	17	.0273
2	.1429	18	.0271
3	.1810	19	.0234
4	.1140	20	.0206
5	.0479	21	.0171
6	.0415	22	.0142
7	.0383	23	.0103
8	.0561	24	.0081
9	.0602	25	.0051
10	.0570	26	.0042
11	.0451	27	.0034
12	.0403	28	.0027
13	.0392	29	.0024
14	.0359	30	.0015
15	.0363	over 30	.0011

* Management Plan Assumptions

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ACTUARIAL SCIENCES ASSOCIATES INC.

TABLE 4

Bell Atlantic Corporation

Annual Rates of Retirement on Disability Pension

Management

Age x	Rates of disability retirement during year of age x + .5 to x + 1.5		Age x	Rates of disability retirement during year of age x + .5 to x + 1.5	
	Male	Female		Male	Female
30	.00020	.00040	45	.00068	.00136
31	.00020	.00040	46	.00068	.00136
32	.00020	.00040	47	.00068	.00136
33	.00020	.00040	48	.00068	.00136
34	.00020	.00040	49	.00068	.00136
35	.00030	.00060	50	.00120	.00240
36	.00030	.00060	51	.00120	.00240
37	.00030	.00060	52	.00120	.00240
38	.00030	.00060	53	.00120	.00240
39	.00030	.00060	54	.00120	.00240
40	.00042	.00084	55	.00050	.00100
41	.00042	.00084	56	.00050	.00100
42	.00042	.00084	57	.00050	.00100
43	.00042	.00084	58	.00050	.00100
44	.00042	.00084	59	.00050	.00100
			over 59	.00000	.00000

TABLE 5

Bell Atlantic Corporation

Annual Rates of Retirement on Service Pension

Male Employees

Management

Service in years t	Rates of retirement during year t + .5 to t + 1.5 for employees entering service at specimen ages							
	15	20	25	30	35	40	45	50
14							.0470	.5000
15							.0470	.3000
16							.0470	.3000
17							.0470	.3000
18							.0470	.3000
19					.0600	.0860	.5000	.9903
20					.0360	.0500	.3000	
21					.0320	.1350	.3000	
22					.0340	.2110	.3000	
23					.0410	.1680	.3000	
24			.0160	.0310	.0630	.5000	.9903	
25			.0150	.0260	.0720	.3000		
26			.0160	.0340	.1860	.3000		
27			.0180	.0460	.2610	.3000		
28			.0210	.0610	.2180	.3000		
29	.0130	.0130	.0340	.0970	.5000	.9903		
30	.0120	.0130	.0410	.1260	.3000			
31	.0120	.0180	.0480	.2350	.3000			
32	.0120	.0220	.0630	.3070	.3000			
33	.0140	.0240	.0810	.2640	.3000			
34	.0150	.0530	.1170	.5000	.9903			
35	.0160	.0620	.1610	.3000				
36	.0190	.0710	.2700	.3000				
37	.0240	.0900	.3400	.3000				
38	.0270	.1100	.2890	.3000				
39	.0740	.1480	.5000	.9903				
40	.0850	.1960	.3000					
41	.0950	.3030	.3000					
42	.1140	.3620	.3000					
43	.1420	.2970	.3000					
44	.1800	.5000	.9903					
45	.2200	.3000						
46	.3260	.3000						
47	.3740	.3000						
48	.3030	.3000						
49	.5000	.9903						
50	.3000							
51	.3000							
52	.3000							
53	.3000							
54	.9903							

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ACTUARIAL SCIENCES ASSOCIATES INC.

Exhibit 26-C

TABLE 6

Bell Atlantic Corporation

Annual Rates of Retirement on Service Pension

Female Employees

Management

Service in years t	Rates of retirement during year t - .5 to t + 1.5 for employees entering service at specimen ages							
	15	20	25	30	35	40	45	50
14							.1310	.5000
15							.1310	.3000
16							.1310	.3000
17							.1310	.3000
18							.1310	.3000
19					.1800	.3540	.5000	.9949
20					.1260	.1360	.3000	
21					.1260	.2850	.3000	
22					.1290	.3240	.3000	
23					.1330	.2700	.3000	
24			.0610	.1040	.1340	.5000	.9949	
25			.0400	.0960	.1460	.3000		
26			.0420	.1210	.2870	.3000		
27			.0460	.1290	.3270	.3000		
28			.0470	.1310	.2770	.3000		
29	.0400	.0450	.0690	.1390	.5000	.9949		
30	.0290	.0320	.0790	.1610	.3000			
31	.0340	.0400	.1010	.2900	.3000			
32	.0380	.0440	.1250	.3350	.3000			
33	.0460	.0460	.1340	.2920	.3000			
34	.0490	.0930	.1520	.5000	.9949			
35	.0520	.1010	.1810	.3000				
36	.0540	.1200	.3000	.3000				
37	.0560	.1320	.3490	.3000				
38	.0590	.1360	.3150	.3000				
39	.1030	.1640	.5000	.9949				
40	.1160	.2040	.3000					
41	.1290	.3200	.3000					
42	.1350	.3750	.3000					
43	.1450	.3440	.3000					
44	.1740	.5000	.9949					
45	.2120	.3000						
46	.3490	.3000						
47	.3980	.3000						
48	.3680	.3000						
49	.5000	.9949						
50	.3000							
51	.3000							
52	.3000							
53	.3000							
54	.9949							

Exhibit 26-C

TABLE 7

Bell Atlantic Corporation

Annual Rates of Mortality Among Active Employees

Management

Age x	Rates of Mortality during year of age x + .5 to x + 1.5		Age x	Rates of Mortality during year of age x + .5 to x + 1.5	
	Male	Female		Male	Female
15	.0003	.0001	43	.0017	.0008
16	.0003	.0001	44	.0019	.0009
17	.0003	.0002	45	.0022	.0010
18	.0004	.0002	46	.0025	.0011
19	.0004	.0002	47	.0028	.0012
20	.0004	.0002	48	.0031	.0014
21	.0004	.0002	49	.0035	.0015
22	.0004	.0002	50	.0039	.0016
23	.0004	.0002	51	.0043	.0018
24	.0004	.0002	52	.0048	.0019
25	.0005	.0003	53	.0052	.0021
26	.0005	.0003	54	.0057	.0023
27	.0005	.0003	55	.0061	.0025
28	.0005	.0003	56	.0066	.0028
29	.0006	.0003	57	.0071	.0031
30	.0006	.0003	58	.0077	.0034
31	.0006	.0004	59	.0084	.0038
32	.0007	.0004	60	.0092	.0042
33	.0007	.0004	61	.0101	.0047
34	.0008	.0004	62	.0111	.0052
35	.0009	.0005	63	.0124	.0058
36	.0009	.0005	64	.0139	.0064
37	.0010	.0005	65	.0156	.0071
38	.0010	.0006	66	.0176	.0078
39	.0011	.0006	67	.0198	.0087
40	.0012	.0007	68	.0222	.0097
41	.0014	.0007	69	.0248	.0109
42	.0015	.0008			

\mm\jan92\av\gl7-tbl

ACTUARIAL SCIENCES ASSOCIATES INC.

Exhibit 26-C

TABLE 8

Bell Atlantic Corporation

Annual Rates of Mortality For Management Service Pensioners

Management

Age x	Rates of Mortality during year of age x to x + 1		Age x	Rates of Mortality during year of age x to x + 1	
	Male	Female		Male	Female
45	.028	.022	78	.055	.038
46	.023	.018	79	.060	.042
47	.019	.015	80	.065	.047
48	.015	.012	81	.071	.052
49	.012	.010	82	.077	.054
50	.010	.008	83	.084	.064
51	.008	.007	84	.091	.071
52	.007	.006	85	.100	.079
53	.007	.006	86	.110	.087
54	.007	.005	87	.122	.096
55	.007	.006	88	.135	.105
56	.007	.006	89	.149	.116
57	.008	.006	90	.165	.127
58	.008	.007	91	.182	.140
59	.009	.007	92	.201	.155
60	.010	.008	93	.221	.172
61	.010	.008	94	.241	.192
62	.011	.009	95	.266	.213
63	.012	.009	96	.292	.236
64	.014	.010	97	.318	.262
65	.015	.011	98	.348	.291
66	.016	.011	99	.380	.323
67	.018	.013	100	.415	.358
68	.020	.014	101	.454	.357
69	.021	.015	102	.495	.441
70	.024	.017	103	.541	.488
71	.027	.019	104	.591	.541
72	.030	.021	105	.645	.599
73	.034	.023	106	.704	.664
74	.038	.025	107	.768	.736
75	.042	.028	108	.839	.815
76	.046	.031	109	.916	.903
77	.051	.034	110	1.000	1.000

For ages prior to 45, the mortality rate is assumed constant at that age value.

TABLE 9

Bell Atlantic Corporation

Annual Rates of Employee Separation From Service Before Eligibility to Service Retirement

Male Employees

Associate

Service in years t	Rates of separation during year t - .5 to t + 1.5 for employees entering service at specimen ages							
	15	20	25	30	35	40	45	50
0	.197	.185	.158	.135	.120	.115	.117	.120
1	.120	.110	.087	.068	.053	.044	.044	.045
2	.078	.070	.056	.046	.042	.040	.038	.039
3	.058	.051	.037	.034	.029	.030	.029	.027
4	.039	.035	.026	.026	.021	.025	.025	.024
5	.028	.026	.019	.021	.017	.021	.021	.024
6	.022	.021	.016	.017	.013	.018	.019	.022
7	.020	.019	.015	.015	.012	.016	.018	.022
8	.017	.016	.013	.014	.011	.014	.017	.026
9	.014	.014	.012	.012	.010	.014	.017	.029
10	.012	.012	.011	.011	.009	.014	.019	.034
11	.010	.010	.010	.011	.009	.014	.024	.037
12	.009	.010	.009	.010	.010	.016	.027	.043
13	.009	.010	.009	.010	.010	.016	.028	.050
14	.009	.010	.008	.009	.011	.018		
15	.009	.009	.008	.009	.011	.019		
16	.008	.008	.008	.009	.012	.020		
17	.007	.008	.008	.008	.012	.023		
18	.007	.008	.008	.008	.012	.026		
19	.006	.008	.007	.009				
20	.006	.008	.007	.010				
21	.006	.008	.007	.010				
22	.006	.008	.007	.010				
23	.006	.008	.007	.011				
24	.007	.007						
25	.007	.007						
26	.008	.007						
27	.008	.007						
28	.008	.007						

Note: Based on separations due to death, disability and withdrawal combined.

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ACTUARIAL SCIENCES ASSOCIATES INC.

Exhibit 26-C

TABLE 10

Bell Atlantic Corporation

Annual Rates of Employee Separation From Service Before Eligibility to Service Retirement

Female Employees

Associate

Service in years t	Rates of separation during year t + .5 to t ÷ 1.5 for employees entering service at specimen ages							
	15	20	25	30	35	40	45	50
0	.208	.194	.164	.136	.113	.096	.086	.087
1	.148	.139	.115	.094	.075	.063	.056	.060
2	.116	.107	.087	.067	.051	.039	.031	.033
3	.079	.081	.072	.056	.040	.034	.034	.031
4	.071	.071	.058	.045	.033	.030	.029	.031
5	.066	.064	.048	.037	.029	.028	.028	.030
6	.062	.057	.044	.029	.026	.026	.027	.030
7	.057	.050	.037	.025	.024	.024	.027	.030
8	.053	.046	.030	.023	.022	.023	.027	.032
9	.049	.042	.026	.023	.021	.023	.027	.032
10	.044	.039	.026	.022	.021	.022	.027	.034
11	.040	.035	.026	.022	.020	.022	.027	.040
12	.035	.031	.024	.022	.020	.022	.027	.045
13	.031	.027	.022	.022	.020	.022	.027	.054
14	.029	.026	.020	.021	.020	.021		
15	.026	.024	.020	.021	.020	.020		
16	.022	.021	.020	.020	.019	.020		
17	.020	.020	.020	.019	.019	.019		
18	.018	.018	.020	.019	.017	.019		
19	.018	.018	.018	.019				
20	.017	.018	.018	.019				
21	.017	.018	.017	.017				
22	.016	.017	.016	.015				
23	.016	.016	.015	.016				
24	.015	.014						
25	.015	.014						
26	.015	.014						
27	.014	.014						
28	.013	.013						

Note: Based on separations due to death, disability and withdrawal combined.

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ACTUARIAL SCIENCES ASSOCIATES INC.

Exhibit 26-C

TABLE 11

Bell Atlantic Corporation

Rates of Promotion from Associate to Management*

Associate

Service t	Rates of Promotion during year of service t + .5 to t + 1.5	Service t	Rates of Promotion during year of service t + .5 to t + 1.5
0	.0032	16	.0105
1	.0120	17	.0096
2	.0218	18	.0089
3	.0336	19	.0082
4	.0382	20	.0075
5	.0348	21	.0067
6	.0304	22	.0060
7	.0250	23	.0052
8	.0205	24	.0044
9	.0180	25	.0038
10	.0162	26	.0032
11	.0148	27	.0026
12	.0138	28	.0020
13	.0128	29	.0016
14	.0120	30	.0010
15	.0110	over 30	.0005

* Associate Plan Assumptions

Exhibit 26-C

TABLE 12

Bell Atlantic Corporation

Annual Rates of Retirement on Disability Pension

Associate

Age x	Rates of disability retirement during year of age x + .5 to x + 1.5		Age x	Rates of disability retirement during year of age x + .5 to x + 1.5	
	Male	Female		Male	Female
30	.0007	.0010	45	.0024	.0034
31	.0007	.0010	46	.0024	.0034
32	.0007	.0010	47	.0024	.0034
33	.0007	.0010	48	.0024	.0034
34	.0007	.0010	49	.0024	.0034
35	.0011	.0015	50	.0042	.0060
36	.0011	.0015	51	.0042	.0060
37	.0011	.0015	52	.0042	.0060
38	.0011	.0015	53	.0042	.0060
39	.0011	.0015	54	.0042	.0060
40	.0015	.0021	55	.0020	.0030
41	.0015	.0021	56	.0020	.0030
42	.0015	.0021	57	.0020	.0030
43	.0015	.0021	58	.0020	.0030
44	.0015	.0021	59	.0020	.0030

Exhibit 26-C

TABLE 13

Bell Atlantic Corporation

Annual Rates of Retirement on Service Pension

Male Employees

Associate

Service in years t	Rates of retirement during year t + .5 to t + 1.5 for employees entering service at specimen ages							
	15	20	25	30	35	40	45	50
14							.0600	.5000
15							.0600	.3000
16							.0600	.3000
17							.0600	.3000
18							.0600	.3000
19					.0550	.0900	.5000	.9903
20					.0420	.0650	.3000	
21					.0300	.2090	.3000	
22					.0330	.2790	.3000	
23					.0410	.2060	.3000	
24			.0160	.0330	.0440	.5000	.9903	
25			.0150	.0260	.0560	.3000		
26			.0160	.0280	.2270	.3000		
27			.0170	.0360	.2930	.3000		
28			.0190	.0430	.2200	.3000		
29	.0210	.0280	.0320	.0500	.5000	.9903		
30	.0180	.0195	.0390	.0700	.3000			
31	.0195	.0270	.0430	.2540	.3000			
32	.0210	.0345	.0460	.3190	.3000			
33	.0225	.0390	.0540	.2350	.3000			
34	.0255	.0460	.0670	.5000	.9903			
35	.0270	.0530	.0880	.3000				
36	.0315	.0590	.2850	.3000				
37	.0375	.0640	.3540	.3000				
38	.0405	.0730	.2520	.3000				
39	.0520	.0910	.5000	.9903				
40	.0580	.1080	.3000					
41	.0620	.3300	.3000					
42	.0680	.3930	.3000					
43	.0790	.2720	.3000					
44	.0980	.5000	.9903					
45	.1160	.3000						
46	.3510	.3000						
47	.4110	.3000						
48	.2830	.3000						
49	.5000	.9903						
50	.3000							
51	.3000							
52	.3000							
53	.3000							
54	.9903							

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ACTUARIAL SCIENCES ASSOCIATES INC.

Exhibit 26-C

TABLE 14

Bell Atlantic Corporation

Annual Rates of Retirement on Service Pension

Female Employees

Associate

Service in years t	Rates of retirement during year t - .5 to t + 1.5 for employees entering service at specimen ages							
	15	20	25	30	35	40	45	50
14							.1310	.5000
15							.1310	.3000
16							.1310	.3000
17							.1310	.3000
18							.1310	.3000
19					.1830	.2500	.5000	.9949
20					.1090	.1260	.3000	
21					.0950	.2840	.3000	
22					.0950	.3030	.3000	
23					.0980	.2640	.3000	
24			.0900	.1300	.1070	.5000	.9949	
25			.0510	.0850	.1100	.3000		
26			.0520	.0900	.2880	.3000		
27			.0550	.0950	.3100	.3000		
28			.0580	.1000	.2700	.3000		
29	.0600	.0780	.0800	.1110	.5000	.9949		
30	.0510	.0550	.0870	.1160	.3000			
31	.0510	.0650	.0930	.2960	.3000			
32	.0530	.0700	.0990	.3220	.3000			
33	.0590	.0830	.1050	.2790	.3000			
34	.0650	.0990	.1180	.5000	.9949			
35	.0710	.1040	.1260	.3000				
36	.0790	.1100	.3120	.3000				
37	.0860	.1140	.3460	.3000				
38	.0960	.1200	.2930	.3000				
39	.1170	.1320	.5000	.9949				
40	.1160	.1430	.3000					
41	.1210	.3400	.3000					
42	.1270	.3810	.3000					
43	.1330	.3120	.3000					
44	.1460	.5000	.9949					
45	.1550	.3000						
46	.3660	.3000						
47	.4080	.3000						
48	.3280	.3000						
49	.5000	.9949						
50	.3000							
51	.3000							
52	.3000							
53	.3000							
54	.9949							

Exhibit 26-C

TABLE 15

Bell Atlantic Corporation

Annual Rates of Mortality Among Active Employees

Associate

Age x	Rates of Mortality during year of age x + .5 to x + 1.5		Age x	Rates of Mortality during year of age x + .5 to x + 1.5	
	Male	Female		Male	Female
15	.0003	.0001	43	.0017	.0008
16	.0003	.0001	44	.0019	.0009
17	.0003	.0002	45	.0022	.0010
18	.0004	.0002	46	.0025	.0011
19	.0004	.0002	47	.0028	.0012
20	.0004	.0002	48	.0031	.0014
21	.0004	.0002	49	.0035	.0015
22	.0004	.0002	50	.0039	.0016
23	.0004	.0002	51	.0043	.0018
24	.0004	.0002	52	.0048	.0019
25	.0005	.0003	53	.0052	.0021
26	.0005	.0003	54	.0057	.0023
27	.0005	.0003	55	.0061	.0025
28	.0005	.0003	56	.0066	.0028
29	.0006	.0003	57	.0071	.0031
30	.0006	.0003	58	.0077	.0034
31	.0006	.0004	59	.0084	.0038
32	.0007	.0004	60	.0092	.0042
33	.0007	.0004	61	.0101	.0047
34	.0008	.0004	62	.0111	.0052
35	.0009	.0005	63	.0124	.0058
36	.0009	.0005	64	.0139	.0064
37	.0010	.0005	65	.0156	.0071
38	.0010	.0006	66	.0176	.0078
39	.0011	.0006	67	.0198	.0087
40	.0012	.0007	68	.0222	.0097
41	.0014	.0007	69	.0248	.0109
42	.0015	.0008			

Exhibit 26-C

TABLE 16

Bell Atlantic Corporation

Annual Rates of Mortality For Associate Service Pensioners

Associate

Age x	Rates of Mortality during year of age x to x + 1		Age x	Rates of Mortality during year of age x to x + 1	
	Male	Female		Male	Female
45	.033	.022	78	.064	.038
46	.029	.018	79	.069	.042
47	.024	.015	80	.075	.047
48	.020	.012	81	.083	.052
49	.017	.010	82	.091	.054
50	.014	.008	83	.100	.064
51	.012	.007	84	.110	.071
52	.011	.006	85	.121	.079
53	.011	.006	86	.132	.087
54	.010	.005	87	.144	.096
55	.010	.006	88	.157	.105
56	.011	.006	89	.170	.116
57	.011	.006	90	.184	.127
58	.012	.007	91	.198	.140
59	.013	.007	92	.214	.155
60	.014	.008	93	.230	.172
61	.015	.008	94	.247	.192
62	.016	.009	95	.266	.213
63	.017	.009	96	.292	.236
64	.018	.010	97	.318	.262
65	.020	.011	98	.348	.291
66	.021	.011	99	.380	.323
67	.023	.013	100	.415	.358
68	.026	.014	101	.454	.357
69	.028	.015	102	.495	.441
70	.031	.017	103	.541	.488
71	.035	.019	104	.591	.541
72	.038	.021	105	.645	.599
73	.042	.023	106	.704	.664
74	.046	.025	107	.768	.736
75	.050	.028	108	.839	.815
76	.055	.031	109	.916	.903
77	.059	.034	110	1.000	1.000

For ages prior to 45, the mortality rate is assumed constant at that age value.

TABLE 17

Bell Atlantic Corporation

Annual Rates of Employee Separation From Service Before Eligibility to Service Retirement

Male Employees

Enterprises

Service in years t	Rates of separation during year t + .5 to t + 1.5 for employees entering service at specimen ages							
	15	20	25	30	35	40	45	50
0	.182	.183	.183	.178	.167	.158	.152	.151
1	.128	.126	.122	.115	.108	.102	.100	.098
2	.079	.078	.077	.073	.069	.064	.057	.058
3	.033	.045	.056	.055	.043	.042	.050	.049
4	.029	.033	.047	.043	.031	.034	.034	.039
5	.022	.028	.042	.036	.027	.026	.029	.032
6	.021	.024	.036	.031	.027	.024	.023	.027
7	.019	.022	.031	.027	.027	.019	.019	.033
8	.015	.019	.027	.026	.027	.019	.017	.040
9	.015	.017	.022	.024	.021	.015	.018	.044
10	.014	.014	.020	.022	.019	.013	.023	.051
11	.014	.014	.017	.018	.016	.011	.027	.057
12	.014	.013	.015	.015	.012	.012	.033	.067
13	.012	.012	.013	.013	.012	.015	.040	.076
14	.012	.012	.013	.009	.011	.013		
15	.010	.010	.009	.007	.007	.007		
16	.008	.008	.009	.006	.006	.009		
17	.008	.008	.006	.004	.006	.010		
18	.006	.006	.005	.004	.007	.010		
19	.006	.006	.005	.006				
20	.006	.006	.005	.005				
21	.006	.006	.006	.006				
22	.006	.004	.004	.006				
23	.006	.004	.004	.007				
24	.006	.004						
25	.006	.005						
26	.006	.005						
27	.006	.004						
28	.005	.004						

Note: Based on separations due to death disability and withdrawal combined.

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ACTUARIAL SCIENCES ASSOCIATES INC.

Exhibit 26-C

TABLE 18

Bell Atlantic Corporation

Annual Rates of Employee Separation From Service Before Eligibility to Service Retirement

Female Employees

Enterprises

Service in years t	Rates of separation during year t + .5 to t + 1.5 for employees entering service at specimen ages							
	15	20	25	30	35	40	45	50
0	.166	.166	.164	.161	.154	.146	.138	.137
1	.145	.143	.135	.126	.119	.111	.109	.112
2	.122	.121	.114	.099	.082	.068	.055	.053
3	.101	.101	.098	.080	.050	.043	.044	.053
4	.087	.089	.091	.066	.035	.031	.034	.051
5	.073	.077	.082	.056	.029	.022	.025	.049
6	.070	.070	.073	.047	.026	.020	.021	.047
7	.070	.066	.054	.042	.026	.020	.020	.034
8	.068	.059	.042	.029	.026	.020	.019	.039
9	.063	.052	.036	.024	.022	.020	.019	.048
10	.059	.047	.031	.022	.022	.022	.021	.048
11	.052	.040	.028	.017	.020	.021	.022	.045
12	.045	.035	.028	.017	.017	.023	.024	.045
13	.040	.033	.026	.017	.015	.025	.024	.045
14	.033	.029	.022	.013	.009	.017		
15	.027	.025	.018	.009	.006	.010		
16	.020	.018	.016	.007	.006	.009		
17	.017	.015	.011	.005	.006	.007		
18	.013	.013	.009	.005	.005	.005		
19	.010	.010	.009	.005				
20	.010	.009	.007	.006				
21	.010	.009	.007	.006				
22	.010	.006	.003	.006				
23	.010	.006	.003	.005				
24	.008	.006						
25	.008	.003						
26	.006	.003						
27	.004	.003						
28	.004	.003						

Note: Based on separations due to death disability and withdrawal combined.

TABLE 19

Bell Atlantic Corporation

Annual Rates of Retirement on Disability Pension

Enterprises

Age x	Rates of disability retirement during year of age x + .5 to x + 1.5		Age x	Rates of disability retirement during year of age x + .5 to x + 1.5	
	Male	Female		Male	Female
30	.00020	.00040	45	.00068	.00136
31	.00020	.00040	46	.00068	.00136
32	.00020	.00040	47	.00068	.00136
33	.00020	.00040	48	.00068	.00136
34	.00020	.00040	49	.00068	.00136
35	.00030	.00060	50	.00120	.00240
36	.00030	.00060	51	.00120	.00240
37	.00030	.00060	52	.00120	.00240
38	.00030	.00060	53	.00120	.00240
39	.00030	.00060	54	.00120	.00240
40	.00042	.00084	55	.00050	.00100
41	.00042	.00084	56	.00050	.00100
42	.00042	.00084	57	.00050	.00100
43	.00042	.00084	58	.00050	.00100
44	.00042	.00084	59	.00050	.00100
			over 59	.00000	.00000

Exhibit 26-C

TABLE 20

Bell Atlantic Corporation

Annual Rates of Retirement on Service Pension

Male Employees

Enterprises

Service in years t	Rates of retirement during year t + .5 to t + 1.5 for employees entering service at specimen ages							
	15	20	25	30	35	40	45	50
14							.0470	.5000
15							.0470	.3000
16							.0470	.3000
17							.0470	.3000
18							.0470	.3000
19					.0600	.0860	.5000	.9903
20					.0360	.0500	.3000	
21					.0320	.1350	.3000	
22					.0340	.2110	.3000	
23					.0410	.1680	.3000	
24			.0160	.0310	.0630	.5000	.9903	
25			.0150	.0260	.0720	.3000		
26			.0160	.0340	.1860	.3000		
27			.0180	.0460	.2610	.3000		
28			.0210	.0610	.2180	.3000		
29	.0130	.0130	.0340	.0970	.5000	.9903		
30	.0120	.0130	.0410	.1260	.3000			
31	.0120	.0180	.0480	.2350	.3000			
32	.0120	.0220	.0630	.3070	.3000			
33	.0140	.0240	.0810	.2640	.3000			
34	.0150	.0530	.1170	.5000	.9903			
35	.0160	.0620	.1610	.3000				
36	.0190	.0710	.2700	.3000				
37	.0240	.0900	.3400	.3000				
38	.0270	.1100	.2890	.3000				
39	.0740	.1480	.5000	.9903				
40	.0850	.1960	.3000					
41	.0950	.3030	.3000					
42	.1140	.3620	.3000					
43	.1420	.2970	.3000					
44	.1800	.5000	.9903					
45	.2200	.3000						
46	.3260	.3000						
47	.3740	.3000						
48	.3030	.3000						
49	.5000	.9903						
50	.3000							
51	.3000							
52	.3000							
53	.3000							
54	.9903							

\mm\jan92\av\gl20-tbl

ACTUARIAL SCIENCES ASSOCIATES INC.

Exhibit 26-C

TABLE 21

Bell Atlantic Corporation

Annual Rates of Retirement on Service Pension

Female Employees

Enterprises

Service in years t	Rates of retirement during year t + .5 to t + 1.5 for employees entering service at specimen ages							
	15	20	25	30	35	40	45	50
14							.1310	.5000
15							.1310	.3000
16							.1310	.3000
17							.1310	.3000
18							.1310	.3000
19					.1800	.3540	.5000	.9949
20					.1260	.1360	.3000	
21					.1260	.2850	.3000	
22					.1290	.3240	.3000	
23					.1330	.2700	.3000	
24			.0610	.1040	.1340	.5000	.9949	
25			.0400	.0960	.1460	.3000		
26			.0420	.1210	.2870	.3000		
27			.0460	.1290	.3270	.3000		
28			.0470	.1310	.2770	.3000		
29	.0400	.0450	.0690	.1390	.5000	.9949		
30	.0290	.0320	.0790	.1610	.3000			
31	.0340	.0400	.1010	.2900	.3000			
32	.0380	.0440	.1250	.3350	.3000			
33	.0460	.0460	.1340	.2920	.3000			
34	.0490	.0930	.1520	.5000	.9949			
35	.0520	.1010	.1810	.3000				
36	.0540	.1200	.3000	.3000				
37	.0560	.1320	.3490	.3000				
38	.0590	.1360	.3150	.3000				
39	.1030	.1640	.5000	.9949				
40	.1160	.2040	.3000					
41	.1290	.3200	.3000					
42	.1350	.3750	.3000					
43	.1450	.3440	.3000					
44	.1740	.5000	.9949					
45	.2120	.3000						
46	.3490	.3000						
47	.3980	.3000						
48	.3680	.3000						
49	.5000	.9949						
50	.3000							
51	.3000							
52	.3000							
53	.3000							
54	.9949							

Exhibit 26-C

TABLE 22

Bell Atlantic Corporation

Annual Rates of Mortality Among Active Employees

Enterprises

Age x	Rates of Mortality during year of age x + .5 to x + 1.5		Age x	Rates of Mortality during year of age x + .5 to x + 1.5	
	Male	Female		Male	Female
15	.0003	.0001	43	.0017	.0008
16	.0003	.0001	44	.0019	.0009
17	.0003	.0002	45	.0022	.0010
18	.0004	.0002	46	.0025	.0011
19	.0004	.0002	47	.0028	.0012
20	.0004	.0002	48	.0031	.0014
21	.0004	.0002	49	.0035	.0015
22	.0004	.0002	50	.0039	.0016
23	.0004	.0002	51	.0043	.0018
24	.0004	.0002	52	.0048	.0019
25	.0005	.0003	53	.0052	.0021
26	.0005	.0003	54	.0057	.0023
27	.0005	.0003	55	.0061	.0025
28	.0005	.0003	56	.0066	.0028
29	.0006	.0003	57	.0071	.0031
30	.0006	.0003	58	.0077	.0034
31	.0006	.0004	59	.0084	.0038
32	.0007	.0004	60	.0092	.0042
33	.0007	.0004	61	.0101	.0047
34	.0008	.0004	62	.0111	.0052
35	.0009	.0005	63	.0124	.0058
36	.0009	.0005	64	.0139	.0064
37	.0010	.0005	65	.0156	.0071
38	.0010	.0006	66	.0176	.0078
39	.0011	.0006	67	.0198	.0087
40	.0012	.0007	68	.0222	.0097
41	.0014	.0007	69	.0248	.0109
42	.0015	.0008			

Exhibit 26-C

TABLE 23

Bell Atlantic Corporation

Annual Rates of Mortality For Service Pensioners

Enterprises

Age x	Rates of Mortality during year of age x to x + 1		Age x	Rates of Mortality during year of age x to x + 1	
	Male	Female		Male	Female
45	.028	.022	78	.055	.038
46	.023	.018	79	.060	.042
47	.019	.015	80	.065	.047
48	.015	.012	81	.071	.052
49	.012	.010	82	.077	.054
50	.010	.008	83	.084	.064
51	.008	.007	84	.091	.071
52	.007	.006	85	.100	.079
53	.007	.006	86	.110	.087
54	.007	.005	87	.122	.096
55	.007	.006	88	.135	.105
56	.007	.006	89	.149	.116
57	.008	.006	90	.165	.127
58	.008	.007	91	.182	.140
59	.009	.007	92	.201	.155
60	.010	.008	93	.221	.172
61	.010	.008	94	.241	.192
62	.011	.009	95	.266	.213
63	.012	.009	96	.292	.236
64	.014	.010	97	.318	.262
65	.015	.011	98	.348	.291
66	.016	.011	99	.380	.323
67	.018	.013	100	.415	.358
68	.020	.014	101	.454	.357
69	.021	.015	102	.495	.441
70	.024	.017	103	.541	.488
71	.027	.019	104	.591	.541
72	.030	.021	105	.645	.599
73	.034	.023	106	.704	.664
74	.038	.025	107	.768	.736
75	.042	.028	108	.839	.815
76	.046	.031	109	.916	.903
77	.051	.034	110	1.000	1.000

For ages prior to 45, the mortality rate is assumed constant at that age value.

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SFAS 112 ADOPTION 1/1/93
SUMMARY OF CUMULATIVE EFFECT

COMPANY	Worker's Compensation	Management LTD	Associate LTD	Management Disability Pension	Associate Disability Pension	Total SFAS 112 Cumulative Effect	NSI Allocation	NSI Allocated SFAS 112 Cumulative Effect	Total SFAS 112 Cumulative Effect w/NSI Allocation
New Jersey Bell	$26,036,786	$1,617,627	$4,879,424	$1,900,383	$7,293,196	$41,627,415	25.6651%	$3,781,084	$46,408,499
Bell of Pennsylvania	$7,467,739	$1,600,722	$5,122,900	$1,928,860	$7,657,116	$23,767,347	25.4966%	$3,756,260	$27,523,607
Diamond State Telephone	$202,056	$73,516	$328,074	$93,871	$490,366	$1,187,882	1.8149%	$267,378	$1,455,260
C&P of Washington	$3,086,021	$114,110	$1,037,868	$387,192	$1,551,284	$6,176,475	6.3495%	$935,433	$7,111,908
C&P of Maryland	$11,295,044	$191,312	$2,975,259	$946,248	$4,447,221	$19,857,584	15.5726%	$2,294,217	$22,151,901
C&P of Virginia	$4,859,854	$330,594	$2,568,332	$757,633	$3,988,312	$12,604,725	15.1583%	$2,233,181	$14,837,906
C&P of West Virginia	$9,034,184	$116,563	$904,988	$280,057	$1,252,571	$11,688,563	4.2636%	$625,130	$12,316,693
Network Services Inc.	$0	$4,818,908	$1,582,056	$6,241,598	$2,319,833	$14,732,395	-100.0000%	($14,732,395)	$0
Total Regulated	$61,971,882	$8,563,962	$19,488,001	$12,537,842	$29,099,999	$131,642,486	-6.6794%	($836,712)	$130,805,774
Total Non-Regulated	$0	$4,119,455	$0	$82,159	$0	$4,181,614	5.6794%	$836,712	$5,018,326
Total BAC	$61,971,882	$12,683,417	$19,488,001	$12,600,001	$29,099,999	$135,824,100	0.0000%	$0	$135,824,100

NOTES:

1. All Amounts Disclosed on a Pre-Tax Basis.
2. NSI allocation based upon December 1993 Wage and Salary Allocators.

SFAS 112 ADOPTION
WORKER'S COMPENSATION

COMPANY	Worker's Compensatio Reserve as of 1/1/93	IBNR as of 1/1/93	Net Previously Accrued Liabilities	SFAS 112 Cumulative Effect
New Jersey Bell	$15,683,933	$10,352,852		$26,036,785
Bell of Pennsylvania	$11,412,611	$5,045,128	($9,000,000)	$7,457,739
Diamond State Telephone	$155,567	$46,488		$202,055
C&P of Washington	$2,913,609	$172,412		$3,086,021
C&P of Maryland	$6,440,056	$4,854,988		$11,295,044
C&P of Virginia	$2,905,263	$1,954,591		$4,859,854
C&P of West Virginia	$6,290,299	$2,743,885		$9,034,184
Total Regulated	1 $45,801,338	2 $25,170,344	(9,000,000)	61,971,682

NOTES:
1. OTC Reserves Based upon Tillinghast's Analysis of June 30, 1993 Reserve Data.
2. IBNR Information Based upon Industry Factors Applied to Claims Reserve Information.

TOTAL 1/1/93 LIA. $\Sigma^{1,2}$ 70,971,682

Exhibit 27-A

Exhibit 27-A

Bell Atlantic

Summary
Exhibit 3

ESTIMATED LOSS RESERVE REQUIREMENTS
AS OF DECEMBER 31, 1992

Workers Compensation

Company	Estimated Case Outstanding	Estimated IBNR	Total Reserve
Bell of Pennsylvania	11,412,611	5,045,128	16,457,739
Diamond State Telephone	156,567	46,488	202,055
New Jersey Bell	15,683,933	10,352,852	26,036,784
C&P of Washington, D.C.	2,913,609	172,412	3,086,021
C&P of Virginia	2,905,263	1,954,591	4,859,854
C&P of Maryland	6,440,056	4,854,988	11,295,044
C&P of West Virginia	6,290,299	2,743,885	9,034,184
Network Services Staff	0	0	0
Total	[illegible]	[illegible]	[illegible]

Note:

From individual operating company's Exhibit 3.

Network Services Staff reserves for 1992 and prior accident years are included in 7 Bell Atlantic operating companies.

Exhibit 27-A

SFAS 112 ADOPTION
LONG-TERM DISABILITY - MANAGEMENT

COMPANY	Management Force as of 1/1/93 A	LTD Obligation as of 1/1/93 B	Net Trust Assets as of Jan 1, 1993 C	Accrued \ Unfunded LTD Liabilities D	SFAS 112 1/1/93 Cumulative Effect E (B+C+D)
New Jersey Bell	2,374	$1,712,238	($194,711)		$1,517,627
Bell of Pennsylvania	2,504	$1,806,105	($205,373)		$1,600,732
Diamond State Telephone	115	$82,948	($9,432)		$73,516
C&P of Washington	479	$345,497	($39,287)	($192,100)	$114,110
C&P of Maryland	1,165	$840,301	($95,551)	($552,938)	$191,812
C&P of Virginia	1,031	$743,648	($84,561)	($328,493)	$330,594
C&P of West Virginia	358	$258,221	($29,362)	($112,196)	$116,663
Network Services Inc.	7,890	$5,690,962	($647,122)	($424,933)	$4,618,908
Total Regulated	15,916	$11,480,020	($1,305,398)	($1,610,660)	$8,563,962
Total Non-Regulated	6,444	$4,647,980	($528,524)	$0	$4,119,456
.al BAC	22,360	$16,128,000	($1,833,922)	($1,610,660)	$12,683,418

NOTES:

1. Allocation Based Upon 1/1/93 BELL FLEX Participation.

Exhibit 27-A

SFAS 112 ADOPTION
LONG-TERM DISABILITY - ASSOCIATE

COMPANY	Associate Force as of 1/1/93	SFAS 112 1/1/93 Cumulative Effect
New Jersey Bell	11,824	$4,879,424
Bell of Pennsylvania	12,414	$5,122,900
Diamond State Telephone	795	$328,074
C&P of Washington	2,515	$1,037,868
C&P of Maryland	7,210	$2,975,359
C&P of Virginia	6,466	$2,668,332
C&P of West Virginia	2,193	$904,988
Network Services Inc.	3,761	$1,552,056
Total	47,178	$19,469,000

NOTES:
1. Allocation based upon associate force.

Centre Square East
1500 Market Street
Philadelphia, PA 19102-4790
215 246-6000

Towers Perrin

December 14, 1992

Mr. David Beik, CFA
Director, Trust Finance
Bell Atlantic Corporation
1717 Arch Street - 47th Floor
Philadelphia, PA 19103

Dear David:

ASSOCIATES GROUP LTD VALUATION

We have completed a valuation of Bell Atlantic's Long-Term Disability Plan for the Associates group as of January 1, 1992. The main purpose of the valuation is to determine the unfunded liability for this plan as of December 31, 1992.

Background

Associates group LTD coverage is provided by Bell Atlantic Corporation on a noncontributory basis. The benefit is 50% of pay up to a maximum of $5,000 per month. Primary Social Security, pension and workers' compensation benefits are offset. Currently, plan benefits are not pre-funded.

Methodology

We received data on current LTD claimants, current STD claimants who are expected to receive LTD benefits, and current active employees as of January 1, 1992. In addition, we received a history of all claimants whose LTD benefits commenced or terminated since 1988. For this projection, we have used an incidence rate equal to 52% of that from the standard table (1987 Commissioner's Group Disability Table), developed from historical data. This rate is used to estimate the number of new LTD claimants and their liabilities expected in 1992. The other key actuarial assumptions are shown in Exhibit III.

Based on the LTD benefit description in the Bell Atlantic employee handbook and discussions with Bell Atlantic personnel, we have listed the plan provisions that are significant for this valuation in Exhibit II.

Towers Perrin

Valuation Results

The total liability for the Associates' LTD plan includes the following elements:

(1) the liability for reported disabled participants (LTD status);

(2) the liability for participants disabled less than twelve months who are expected to receive LTD benefits; and

(3) administrative expenses.

The key valuation results are summarized as follows ($ figures in thousands):

		Associates LTD Plan	
		Results as of January 1, 1992	Projection to December 31, 1992
(1)	Liability for current LTDs	$12,979	$12,503
(2)	Liability for those disabled five to twelve months as of January 1, 1992	3,606	3,353(a)
(3)	Liability for those disabled less than five months as of January 1, 1992	N.A.	372(b)
(4)	Liability for those disabled during 1992	N.A.	3,047(c)
(5)	Administrative expense (d)	194	194
(6)	Valuation liability [(1) + (2) + (3) + (4) + (5)]	16,779	19,469

(a) Line B4 in Exhibit IB
(b) Line A4 in Exhibit IB
(c) Line E in Exhibit IA.
(d) Administrative expenses presumed equal to 10% of the benefit payments in B3 and C3 of Exhibit IB.

Note with respect to these results that the number of disablements (and liabilities) expected for 1992 is somewhat less than the level of recent plan experience.

Exhibit 27-A

Towers Perrin

In summary, the anticipated total unfunded liability for the associates group LTD plan as of December 31, 1992 is projected to be $19,469,000. If the Company chooses to accrue for this liability, the total year-end liability would be the amount to be reflected on the balance sheet. Should the Company consider pre-funding this liability, the maximum contribution to a VEBA is less than the total liability; it is readily determinable from this study.

Sincerely,

Gerard C. Mingione, FSA

Elliott I. Cobin, ASA

GCM/EIC/edf

cc: Catherine Lohwater – Bell Atlantic
Ed Harron – Bell Atlantic

BELL ATLANTIC CORPORATION

1992 LONG-TERM DISABILITY VALUATION

Associates

Actives Becoming Disabled During 1992

Benefit Levels

A.	Participants	51,641
B.	Covered payroll	$1,728,754,732
C.	Number of expected Disableds	97
D.	Liability as of January 1, 1992	2,827,893
E.	Projected liability as of December 31, 1992	3,047,055

Exhibit 27-A

EXHIBIT IB

BELL ATLANTIC CORPORATION

1992 LONG-TERM DISABILITY VALUATION

Associates

Disableds

A.	**Disabled less than five months**		
1.	Number		13
2.	Liability as of January 1, 1992	$	414,310
3.	1992 expected benefit payments		71,604
4.	Liability as of January 1, 1993		372,040
B.	**Disabled five months to one year**		
1.	Number		93
2.	Liability as of January 1, 1992	$	3,605,569
3.	1992 expected benefit payments		512,244
4.	Liability as of January 1, 1993		3,352,907
C.	**Disabled one year or more**		
1.	Number		312
2.	Liability as of January 1, 1992	$	12,979,397
3.	1992 expected benefit payments		1,426,859
4.	Liability as of January 1, 1993		12,503,150
D.	**Totals for current disableds**		
1.	Number		418
2.	Liability as of January 1, 1992	$	16,999,276
3.	1992 expected benefit payments		2,010,707
4.	Liability as of January 1, 1993		16,228,097

EXHIBIT II

BELL ATLANTIC CORPORATION

1992 LONG-TERM DISABILITY VALUATION

Associates

Summary of Plan Provisions

1.	Eligibility	Immediate
2.	Benefit levels	50% of pay, max. $5,000/month
3.	Elimination period	12 months
4.	Benefit duration	Life
5.	Offsets	• Primary Social Security • 100% of accrued pension benefits at date of disablement • Workers' Compensation benefits
6.	Employee contributions	None

EXHIBIT III

BELL ATLANTIC CORPORATION

1992 LONG-TERM DISABILITY VALUATION

Associates

Actuarial Assumptions

1.	Discount rate for liabilities	7.75%
2.	Social Security	
	- Approval rate	60%
	- Salary scale	5.25%
3.	Disability incidence rate	52% of the 1987 Commissioner's Group Disability Table
4.	Disability termination rates	1987 Commissioner's Group Disability Table adjusted for occupation and industry
5.	Administration expenses	10% of benefit payments

Exhibit 27-A

Centre Square East
1500 Market Street
Philadelphia, PA 19102-4790
215 246-6000

Towers Perrin

December 14, 1992

Mr. David Beik, CFA
Director, Trust Finance
Bell Atlantic Corporation
1717 Arch Street - 47th Floor
Philadelphia, Pennsylvania 19103

Dear David:

MANAGEMENT GROUP LTD VALUATION

We have completed a valuation of Bell Atlantic's Long Term Disability Plan for the management group as of January 1, 1992. The main purpose of the valuation is to review the funded status of the plan in light of statutory restrictions, and to determine maximum deductible contribution amounts for the 1992 fiscal year.

Our conclusions are that as of December 31, 1991, Trust assets were well below the maximum allowable indicating that Company contributions for 1991 are tax deductible and the Trust will not incur an unrelated business tax for 1991. Similar conclusions are reached for 1992 assuming that current funding policy remains unchanged through the remainder of the year or that any significant increase in funding falls within the limits developed below

Background

1984 legislation (DEFRA) places certain restrictions on the funding of VEBA trusts. Unlike other coverages, "safe harbors" are not provided for LTD benefits. In addition to requiring that actuarial assumptions be reasonable in the aggregate, DEFRA limits the amount of reserve with respect to any disability benefit payment to the lesser of (1) the limit for the year on an annual benefit under a qualified defined benefit pension plan ($112,221 in 1992) or (2) 75 percent of an employee's annual compensation from the employer. The legislative conference report further restricts funding of reserves to disabilities that have persisted for at least five months and which are expected to last, as determined by medical evaluations, for more than twelve months. Reserves relative to disabilities of durations less than five months as of the valuation date or those of durations between five and twelve months without medical evaluations, cannot be funded on a tax-deductible basis.

Methodology

We received data on current LTD claimants, current STD claimants who are expected to receive LTD benefits, and current active employees as of January 1, 1992. In addition, we received an updated history of all claimants whose LTD benefits terminated since 1990. We have continued to use an assumed incidence rate of 52% of the standard table (1987 Commissioner's Group Disability Table). The incidence rate is used to estimate the number of new LTD claimants and their liabilities expected in 1992. The other key actuarial assumptions are shown in Exhibit III.

Based on the LTD benefit description in the Bell Atlantic employee handbook and discussions with Bell Atlantic personnel, we have listed the plan provisions that are significant for this valuation in Exhibit II.

Valuation Results

The maximum increase to the fund, to be tax deductible and not incur unrelated business income tax, is measured by comparing the statutory maximum funding reserve level with the plan assets. The maximum reserve includes:

(1) the liability for reported disabled participants (LTD status);

(2) the liability for participants disabled five to twelve months who are expected (based on medical evaluation) to receive LTD benefits; and

(3) administrative expenses.

We understand that medical evaluations are available to Bell Atlantic for those in category (2) above. The liability shown for this group is the present value of future benefits after the LTD status is reached.

Exhibit 27-A

Towers Perrin

The key valuation results are summarized as follows ($ figures in thousands):

		LTD Plan — Funded Status	
		Results as of January 1, 1992	Projection to December 31, 1992
(1)	Liability for current LTDs	$13,526	$ 12,937
(2)	Liability for those disabled five to twelve months as of January 1, 1992	628	581(a)
(3)	Liability for those disabled less than five months as of January 1, 1992	N.A.	163(b)
(4)	Liability for those disabled during 1992	N.A.	2,280(c)
(5)	Administrative expense(d)	167	167
(6)	Maximum funding level [(1) + (2) + (3) + (4) + (5)]	14,321	16,128
(7)	Market value of Trust as of December 31, 1991	1,846	1,846
(8)	Maximum increase to the Trust(e)	12,475	14,282

(a) Line B4 in Exhibit IB
(b) Line A4 in Exhibit IB
(c) 7/12 of line E in Exhibit IA - assumes medical evaluations are available for those disabled five to twelve months as of December 31, 1992.
(d) Administrative expenses presumed equal to 10% of the benefit payments in B3 and C3 of Exhibit IB.
(e) Employer and employee contributions combined.

Note with respect to these results that the number of disablements reported for 1991 is extremely low compared to historical plan standards. If this data were expected to be representative of future experience, the $2.28 million projection for 1992 disablements would be reduced, i.e., the expected incidence rate (now 52% of 1987 CGDT) would be reset. We assumed that 1991 is not more representative of the future than prior years.

Funding Considerations

Bell Atlantic's policy has been to set combined employer and employee contributions to the Trust at a level that approximates anticipated benefit payments during the year. Alternatively, a higher contribution level could be established to fund the plan liability over a number of years. The plan liability is the present value of expected future benefit payments for current disableds.

The valuation results indicate that the Company has contributed well below the level allowable to fully fund the LTD plan. Therefore, employer contributions for 1991 are deductible by the Company for FIT purposes and the Trust will not incur a tax for unrelated business income for the 1991 plan year, since Trust assets are less than the maximum reserve allowed.

Theoretically, a 1992 valuation should be performed as close as possible to the end of the year to determine the maximum allowable increase to the Trust fund during 1992. (Note: contributions must be made by the end of the 1992 fiscal year to be tax deductible in 1992.) Based on the projection shown above, we estimate that as long as inflows to the Trust (employer and employee contributions, plus investment income) less payments (benefits and expenses) made from the Trust do not exceed $14,282,000 during 1992, there will be no problem with respect to the tax deductibility of employer contributions and the Trust will not realize an unrelated business income tax in 1992. If medical evaluations were not available for those disabled five to twelve months as of December 31, 1992, then current year disablements would be omitted, which cuts the maximum increase to the fund to $12,002,000.

Based on the contribution amounts shown in Exhibit II, we project employer and employee contributions for 1992 to be $932,000 and $855,000, respectively. Assuming Bell Atlantic does not change its funding policy during the remainder of 1992, we expect the increase to the Trust balance to be:

Trust assets as of 12/31/91	$ 1,846,000
1992 employer contributions	+ 932,000
1992 employee contributions	+ 855,000
Benefit payments during 1992	−1,699,000
Administrative expenses	− 167,000
Investment income	+ 140,000
Projected assets as of 12/31/92	1,907,000
Increase to the Trust in 1992	$ 61,000

Exhibit 27-A

Towers Perrin

This increase is well below the $14,282,000 discussed above and therefore company contributions should be tax deductible and the Trust will not realize an unrelated business income tax in 1992. Assuming Bell Atlantic does not intend to increase the Trust assets to the maximum allowable during 1992, the projection (maximum increase to the fund during 1992 of $14,282,000) contained in this report should suffice for financial reporting and accounting purposes. However, if Bell Atlantic is inclined to make a contribution of the magnitude described, we recommend a valuation using data that is gathered as close to the end of the fiscal year as possible.

In addition to the maximum funding reserve shown above, Bell Atlantic has a liability as of December 31, 1992 for those who became disabled in 1992 and were in the first five months of disablement as of December 31, 1992. This amount is projected to be $1,628,000 (5/12 of line E in Exhibit IA). Funding for this liability is not permitted under DEFRA.

In summary, the anticipated total unfunded liability for the management group LTD plan as of December 31, 1992 is projected to be $15,910,000 ($14,282,000 + $1,628,000). Up to $14,282,000 (or $12,002,000 without medical evaluations) of this can be funded in the VEBA. This includes both employer and employee contributions -- as well as other net inflows. If the Company chooses to accrue for this liability, the difference between the total year-end liability (projected to be approximately $17,756,000) and the asset value of the Trust as of December 31, 1992 would be the amount to be reflected on your balance sheet.

Towers Perrin

Employee Contributions for 1993

We understand that employee contributions for 1993 will be determined based on the information contained herein. There are a number of methods in use for establishing reasonable employee contributions. There are no statutory requirements for this. Please let us know how we can assist you in this regard.

Sincerely,

Gerard C. Mingione

Gerard C. Mingione, FSA

Elliott Cobin

Elliott I. Cobin, ASA

GCM/EIC/kmf

cc: Catherine Lohwater — Bell Atlantic
Ed Harron — Bell Atlantic

Exhibit 27-A

EXHIBIT IA

BELL ATLANTIC CORPORATION

1992 LONG-TERM DISABILITY VALUATION

Management Employees

Actives Becoming Disabled During 1992

Benefit Levels	Plan #1 40%	Plan #2 50%	Plan #3 60%	Plan #4 70%	Total
A. Participants	745	5,428	2,086	15,572	23,831
B. Covered payroll*	$38,490,112	$266,372,176	$109,759,360	$817,816,576	$1,232,438,224
C. Number of expected disableds	1	8	3	22	34
D. Liability as of January 1, 1992	35,060	390,874	267,040	2,934,268	3,627,242
E. Projected liability as of December 31, 1992	37,777	421,167	287,736	3,161,674	3,908,354

* No cap applied

BELL ATLANTIC CORPORATION

1992 LONG-TERM DISABILITY VALUATION

Management Employees

Disableds

A. Disabled less than five months

1.	Number		2
2.	Liability as of January 1, 1992	$	180,500
3.	1992 expected benefit payments		30,696
4.	Liability as of January 1, 1993		162,603

B. Disabled five months to one year

1.	Number		6
2.	Liability as of January 1, 1992	$	627,957
3.	1992 expected benefit payments		92,088
4.	Liability as of January 1, 1993		580,967

C. Disabled one year or more

1.	Number		175
2.	Liability as of January 1, 1992	$	13,526,420
3.	1992 expected benefit payments		1,576,428
4.	Liability as of January 1, 1993		12,937,203

D. Totals for current disableds

1.	Number		183
2.	Liability as of January 1, 1992	$	14,334,877
3.	1992 expected benefit payments		1,699,212
4.	Liability as of January 1, 1993		13,680,773

EXHIBIT II

BELL ATLANTIC CORPORATION

1992 LONG-TERM DISABILITY VALUATION

Management Employees

Summary of Plan Provisions

1.	Eligibility	Immediate
2.	Benefit levels	Employee election: 40% of pay, max. $3,000/month 50% of pay, max. $5,000/month 60% of pay, max. $7,500/month 70% of pay, max. $10,000/month
3.	Elimination period	12 months
4.	Benefit duration	Life
5.	Offsets	• Primary Social Security • 100% of accrued pension benefits at date of disablement • Workers' Compensation benefits
6.	Employee contributions per $100 of pay	(see table below)

Benefit level	Years of service: Less than 15	Years of service: 15 or more
40%	.08	.06
50	.10	.08
60	.14	.10
70	.19	.15

EXHIBIT III

BELL ATLANTIC CORPORATION

1992 LONG-TERM DISABILITY VALUATION

Management Employees

Actuarial Assumptions

1.	Discount rate for liabilities	7.75%
2.	Social Security	
	- Approval rate	70%
	- Salary scale	5.25%
3.	Disability incidence rate	52% of the 1987 Commissioner's Group Disability Table (reflects recent experience for the management group)
4.	Disability termination rates	1987 Commissioner's Group Disability Table adjusted for occupation and industry
5.	Administration expenses	10% of benefit payments
6.	Return on Assets	7.75%

SFAS 112 ADOPTION
DISABILITY PENSION – ASSOCIATE

COMPANY	Associate Force as of 1/1/93	SFAS 112 1/1/93 Cumulative Effect
New Jersey Bell	11,824	$7,293,196
Bell of Pennsylvania	12,414	$7,657,116
Diamond State Telephone	795	$490,366
C&P of Washington	2,515	$1,551,284
C&P of Maryland	7,210	$4,447,221
C&P of Virginia	6,466	$3,988,312
C&P of West Virginia	2,193	$1,352,671
Network Services Inc.	3,761	$2,319,833
Total	47,178	$29,100,000

NOTES:

1. Allocation based upon associate force which is the same methodology used to allocate annual qualified pension cost.

;FAS 112 ADOPTION
)ISABILITY PENSION - MANAGEMENT

COMPANY	Gross Pensionable Wages - 1/1/93	SFAS 112 1/1/93 Cumulative Effect
Vew Jersey Bell	$142,462,363	$1,900,383
3ell of Pennsylvania	$144,597,116	$1,928,860
)iamond State Telephone	$7,037,065	$93,871
C&P of Washington	$29,025,869	$387,192
C&P of Maryland	$71,085,494	$948,248
C&P of Virginia	$56,795,998	$757,633
C&P of West Virginia	$20,994,476	$280,057
Network Services Inc.	$467,901,952	$6,241,598
Total Regulated	$939,900,333	$12,537,841
Total Non-Regulated	$4,659,725	$62,159
Total BAC	$944,560,058	$12,600,000

NOTES:
1. Allocation based upon Gross Pensionable Wages/Valuation Earnings which is the same methodology used to allocate annual qualified pension cost.

Exhibit 27-A

Exhibit 27-A

Gerard C. Mingione, FSA
Vice President

Centre Square East
1500 Market Street
Philadelphia, PA 19102-4790
215 246-6027

Towers Perrin

August 25, 1993

Mr. Ed A. Harron, Jr.
Manager - Defined Benefit Contributions
Bell Atlantic Corporation
1717 Arch Street – 47th Floor North
Philadelphia, PA 19103-2793

Dear Ed:

FAS 112/DISABILITY PENSIONS

As requested, we have reviewed our earlier estimates for FAS 112 liability with respect to those disability pensions that the company pays "out-of-pocket". These are provided for participants who have 15 years of service at disablement, but are not eligible for a regular pension benefit.

1992 Calculations

Our original estimate for this liability was $39.7 million at January 1, 1992. This calculation was based upon 933 disabled participants (140 management/793 associates) with $5.42 million in annual payments. It employs the following assumptions:

- 1.925% annual cost-of-living increases
- PBGC disabled life mortality (non-Social Security recipients)
- other assumptions as per FAS 87 valuations (e.g., 7.75% discount rate).

Note that the PBGC mortality table that we employed is essentially as conservative as the regular Bell Atlantic retiree mortality table – which presumes a large proportion of retirees at ages 55 and below are disabled. Had we employed the PBGC mortality table for Social Security recipients, or any other disabled life mortality table, we would expect a somewhat smaller liability result – since these are based on individuals with more severe impairments.

Projections

Working from the $39.7 million figure, estimates can be developed for successive years, as follows (in $ millions):

	1992	1993
■ assume liability for new disableds at 10% beginning of year liability (plus 6% for salary increases)	+4.2	+4.4
■ deduct expected benefit payments	-5.4	-5.7
■ add interest at 7.75%	+3.2	+3.4
■ estimated liability at end-of-year	$41.7	$43.8

Allocation by Plan

As requested, we have developed an allocation of these liability amounts for BAMPP and BAPP. These results are as follows (in $ millions):

	BAMPP	BAPP
1/1/92	$11.8	$27.9
1/1/93	12.6	29.1
1/1/94	13.5	30.3

* * * * * * * *

We understand that it is the company's intent to add these benefits to the retirement plans at or about year-end. Once this is done, we expect the annual cost of those plans to increase by about $11-12 million. This is slightly lower than the estimates made last December because of the impact of the existing $40+ million reserve. The effect on the retirement plans will, of course, vary based on the assumption employed for disabled life mortality.

Please call if we can provide further information.

Sincerely,

GCM:fm

cc: Sherry A. Hessenthaler – Bell Atlantic Corporation

Bell Atlantic Compensation per Employee
($$ in thousands unless stated otherwise)

Exhibit 29-A

	1991
1 Salaries & Wages 1\	2,930,706
2 Benefits 2\	1,196,486
3 OPEB included in (2) 3\	403,362
4 Total Compensation Ln 1 + Ln 2	4,127,192
5 Average Employees 4\	70,007
6 Comp. per Emp Ln 4 / Ln 5 * 1000	58,954
7 OPEB as % of Total Comp. Ln 3 / Ln 4	9.77%

1\ Salaries & Wages as reported on ARMIS 43-02, Table I-1 - Income Statement Accounts, row 720, col. (ac) with adjustment for capitalized amounts.

2\ Benefits as reported on ARMIS 43-02, Table I-1 - Income Statement Accounts, row 720, col. (ad) with adjustment for capitalized amounts.

3\ Company accounting records

4\ Company subsidiary records

Exhibit 29-B

U.S. Economy Compensation per Employee

		1992	1993
A.	Total Compensation ($ B) *	3,591.2	3,780.4
B.	SFAS-106 Amount in (A) ($ B) **	---	43
C.	Average Employees (000's) ***	108,597	110,726
D.	Comp. per Emp. ($) [(A)/(C)]	33,069	34,142
E.	Percent Change from Prior Year	---	3.2%
F.	SFAS-106 as % of Total Comp.	---	1.1%

Sources:

* U.S. Department of Commerce, Bureau of Economic Analysis, Survey of Current Business, Table 1.14, July 1994 (Vol. 74, No. 7).

** Godwins Study "best estimate" of a 2.54% increase in direct labor costs from SFAS-106 adoption for the sector of the economy with SFAS-106 benefits. That sector represents only 32% of total U.S. employment.
The incremental SFAS-106 amount is approximately $30B for the U.S. economy.
U.S. economy pay-as-you-go amount represent an added $13B, approximately.
Assumes amortization of the TBO for compensation with the price cap LECs' data.

*** U.S. Department of Labor, Bureau of Labor Statistics, total nonagricultural employment (all employees, total non-farm payrolls).

Exhibit 31-A

Bell Atlantic Corporation
Postretirement Health Plans
Changes Effective 01/01/93

Description	Old Plan	New Plan
Medical Benefits (for management retirees after 04/01/86)		
Co-pay percentage for preadmission testing, outpatient surgery, skilled nursing facility, home health care, and hospice care services	- 0 -	20%
Deductible:		
Individual	$ 150	$ 250
With spouse	300	500
Family	300	625
Out of pocket limits:		
Individual	$ 650	$ 1000
With spouse	1300	2000
Family	1300	2500
Benefit coordination method	Coordination of benefits	Maintenance of benefits
Pharmacy	Non-mail order, subject to deductible/co-pay	Mandatory pharmacy plan Generic co-pay $3 Brand name co-pay $7
	Mail order, $8 co-pay	Mail order, $10 co-pay
Dental Benefits (for management retirees after 04/01/86)		
Deductible	$50 per individual per lifetime	$25 per individual per year

Exhibit 31-B

Bell Atlantic Corporation
Postretirement Health Plans
Changes Effective 01/01/94

Description	Old Plan	New Plan
Medical Benefits (for management retirees after 04/01/86)		
Co-pay percentage for second surgical opinion	- 0 -	20%
Hospital network implemented:		
- Hospital fees covered	80% of reasonable and customary	80% of network fee
- Non-network hospital deductible	Not applicable	$ 250 per admission (in network area)
(for management retirees prior to 04/01/86 and associate retirees prior to 01/01/90)		
Pharmacy	Mail order, $8 co-pay	**Effective 07/01/94:** Mail order, $12 co-pay Non-mail order, 80% of network price

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing "Bell Atlantic Direct Case" was served this 14th day of August, 1995 by hand on the following party:

ITS, Inc.
1919 M Street, N.W.
Room 246
Washington, D.C. 20554

Jaynemarie Lentlie

Jaynemarie Lentlie